Daily Report

Latin America

FBIS-LAT-95-014
Monday
23 January 1995

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report
Latin America

FBIS-LAT-95-014 *23 January 1995*

CONTENTS

INTERNATIONAL AFFAIRS

Mexico's Salinas Interviewed on Efforts To Head WTO *[Mexico City TV]* 1
UK To Expand Links With Cuba, Dominican Republic *[CANA]* 1

INTER-AMERICAN AFFAIRS

Salvadoran President on Economic Plan at Mini-Summit *[EL DIARIO DE HOY 20 Jan]* 2
Presidents on Economic Development *[Panama City TV]* 3
Peru, Bolivia, Paraguay Sign Ocean Connection Accord *[Madrid EFE]* 3
Consortium To Launch 'Caribstar 1' Satellite in 1996 *[CANA]* 3

CARIBBEAN

Cuba

Military Rescues 700 Rafters Fleeing Guantanamo Base *[Havana Radio]* 5
U.S. To Move 'Sick,' 'Bamboozled' Refugees to Guantanamo *[Havana Radio]* 5
Further on Return *[Havana Radio]* 5
Five Refugees Escape *[Havana Radio]* 6
Alarcon: U.S. Continuing 'Hostile Policies' *[PRENSA LATINA]* 6
Delegation Spokesman Reviews Points Discussed in U.S. Talks *[Havana Radio]* 7
Reports on Emigration Fees Denied *[Havana Radio]* 7
Migration Accord Progress Noted *[Havana TV]* 8
Alarcon on Talks, Blockade *[Havana Radio]* 8
Mexico Reported To Refuse U.S. Aid Package Compromise *[Havana Radio]* 8
Solidarity Group Condemns U.S. Pressure on Mexico *[PRENSA LATINA]* 8
Robaina Receives Members of Australian Solidarity Brigade *[Havana Radio]* 9
Visit Discussed *[PRENSA LATINA]* 9
Lage Praises Meeting With Colombian President *[PRENSA LATINA]* 9
Relations Discussed *[Havana TV]* 10
Talks Called 'Constructive' *[PRENSA LATINA]* 10
Trade Minister Comments on Caricom Commission Meeting *[Havana Radio]* 10
Ground Broken in Havana for First of Six Caribbean Hotels *[Havana Radio]* 11
Castro Attends Farewell for Outgoing Mexican Ambassador *[Havana Radio]* 12
Castro Awarded Olympic Honors for Sports Contributions *[Havana TV]* 12

Haiti

'Discontent' Between Executive, Legislature Reported *[Port-au-Prince Radio]* 12
President Calls Discontent 'Calculated' *[Port-au-Prince Radio]* 12
IS Congress Seeks Financial Aid for Haiti *[Port-au-Prince Radio]* 13
President, UNESCO Chief Sign Cooperation Memorandum *[CANA]* 13

MEXICO

Zedillo Briefs Businessmen on Efforts To Obtain U.S. Credit *[Mexico City TV]* 15
Finance Secretary Denies Signing Agreement with U.S. *[REFORMA 20 Jan]* 15
Presidential Communique Vows Not To Privatize Pemex *[Madrid EFE]* 15
Private Banks Draft Measures To Tighten Credit *[EL FINANCIERO 18 Jan]* 16
Executive Branch Proposes Amending 1995 Tax Law *[EL FINANCIERO 18 Jan]* 16
Servicing of Domestic Debt To Increase *[EL FINANCIERO 19 Jan]* 17
Secofi, Businessmen Hold Talks To Limit Price Hikes *[EL FINANCIERO 19 Jan]* 18
Bank To Attempt To Sell Cetes, Tesobonos, Bondes *[NOTIMEX]* 18

Stock Market Drop Due to 'Anxiety' in Mexico, U.S. *[Mexico City TV]* 19
Government Secretariat Official Cited on Migration Policies *[UNOMASUNO 18 Jan]* 19

CENTRAL AMERICA

Costa Rica

President Confirms Cuban Rafters Allowed Into Country *[Panama City TV]* 20

El Salvador

President Departs for Costa Rica, To Discuss Economic Plan *[San Salvador TV]* 20
ANEP Reacts to Plan *[San Salvador TV]* 20
Peasants Express Doubts About Plan *[San Salvador TV]* 20

Nicaragua

Indications of 'Mafia-Like' Organizations Detailed *[LA PRENSA 18 Jan]* 21

Panama

President Reiterates Cuban Rafters To Leave Before 6 Mar *[Panama City Radio]* 22
Rafter Support Group Denounces Transfer to Guantanamo *[LA PRENSA 22 Jan]* 22
Minister Delivers Coup Investigation Report to Attorney General *[Panama City TV]* 22
President Says National Police Director Will Not Be Removed *[Panama City TV]* 23
Government Negotiating Restructuring of Foreign Debt *[LA ESTRELLA DE PANAMA 19 Jan]* . 24
Association Condemns Political Interference in ARI *[EL PANAMA AMERICA 19 Jan]* 24

SOUTH AMERICA

Argentina

Cavallo Urges Businessmen To Carry Out 'Export Drive' *[NOTICIAS ARGENTINAS]* 25
Cavallo: Provinces Must Privatize Banks, Electricity Firms *[NOTICIAS ARGENTINAS]* 25
PJ Governors Confirm 'Unconditional Support' for Government *[NOTICIAS ARGENTINAS]* 26
Central Bank President Discusses Financial Crisis *[CLARIN 8 Jan]* 27
Stock Market President Cautions Investors Not to 'Panic' *[TELAM]* 28
Army Chief Interviewed on Past, Future of Military *[CLARIN 16 Jan]* 28
Brazil's Lampreia Visits, Meets With Defense Minister, Menem 30
Discusses Security *[TELAM]* 30
Agree on Consultations System *[TELAM]* 30
Holds News Conference, Departs *[TELAM]* 31

Bolivia

Peasant Leader Rejects U.S. Antinarcotics Role in Chapare *[PRESENCIA 7 Jan]* 31

Brazil

Industry, Commerce Minister Discusses Exports, Trade Issues *[O GLOBO 19 Jan]* 31
Finance Minister Outlines Balance of Payments Policy *[O ESTADO DE SAO PAULO 20 Jan]* 32
Largest Budget Cuts Involve Two Dismantled Ministries *[JORNAL DO BRASIL 20 Jan]* 32
Mercosur Office To Open in Porto Alegre *[Brasilia Radio]* 33
Federal Police Seize Cocaine in Juiz de Fora *[AGENCIA ESTADO]* 33

Chile

Lawyer Requests Townley's Extradition From U.S. *[Madrid EFE]* 33
Aninat Upholds 'Cautious' Policy, Examines Mexican Crisis *[EL MERCURIO 12 Jan]* 34
Commentary Examines Mexican Crisis *[EL MERCURIO 14 Jan]* 35

Former Minister Renounces Membership in National Renewal Party *[Madrid EFE]* 36
Editorial Sees No Reason To Resume Relations With Cuba *[EL MERCURIO 4 Jan]* 36

Colombia

President Creates Commission To Assess Surrender Policy *[Santa Fe de Bogota TV]* 37
Vice President, Cuba's Lage Review Trade Relations *[Santa Fe de Bogota TV]* 37
New Guerrilla Group, Split From ELN, Revealed *[Santa Fe de Bogota TV]* 37
Guerrillas Attack Oil Pipelines, Spill 10,000 Barrels *[Hamburg DPA]* 37
Businessmen Call G-3 Trade Pact 'Ineffective' *[AFP]* 38

Ecuador

President To Attend Andean Summit Despite Illness *[Hamburg DPA]* 38
Contracts Expand Oil Refinery, Well Exploitation *[Quito Radio]* 39

Peru

Judge Finds Army Officers Guilty of Drug Trafficking *[Madrid EFE]* 39
Government Begins 'All-Out War' Against Drug Trafficking *[EL PERUANO 13 Jan]* 40
Antarctic Expedition To Use New Radar Technology *[EL COMERCIO 11 Jan]* 40
Article Examines Reasons for Mexican Crisis *[CARETAS 12 Jan]* 40

Uruguay

Canadian Prime Minister Meets Lacalle, Sanguinetti *[Madrid EFE]* 42
Luis Mosca To Be Named Finance Minister Under Sanguinetti *[EL PAIS 10 Jan]* 42
State Airline Reportedly on Brink of Bankruptcy *[NOTICIAS ARGENTINAS]* 42

Venezuela

Foreign Minister on Human Rights Case, U.S. Accords *[EL GLOBO 20 Jan]* 42
Cordiplan Minister on Problems in Banking System *[Caracas TV]* 43
Finance Minister Does Not Rule Out State Control of Banks *[Caracas TV]* 43
Finance Ministry Announces New Economic Guidelines *[Caracas TV]* 43
Bank Superintendent, Cordiplan Minister on Bank Crisis *[Caracas TV]* 44
Government Issues Decree To Ensure Return of Assets *[Caracas TV]* 44
Officials Coordinate Anti-Corruption Efforts *[ECONOMIA HOY 20 Jan]* 44

Mexico's Salinas Interviewed on Efforts To Head WTO

PA2001150795 Mexico City XEW Television Network in Spanish 0430 GMT 20 Jan 95

[From the "24 Hours" newscast]

[FBIS Translated Text] In Geneva, Switzerland, Carlos Salinas de Gortari has granted his first interview since leaving the presidency of the republic, but he only agreed to the interview on the condition that he not be asked to discuss Mexico's current domestic economic or political situation. Our correspondent Irene Hirsch agreed to this condition. Here is part of the interview with Mr. Salinas de Gortari.

[Begin recording] [Hirsch] Mr. Salinas, how did today go in terms of your work as a candidate to head the World Trade Organization [WTO] here in Geneva?

[Salinas] It has been a very busy day. It began very early in the morning. I held five working meetings. Each one featured various ambassadors and representatives of most of the 128 GATT member-states that have ratified the creation of the WTO.

It was a busy day that allowed me to present my vision on the evolution of world trade and the importance of this organization in ensuring that this increased trade will result in greater employment and well-being for our countries.

[Hirsch] What do you think your chances are of becoming general director of the WTO?

[Salinas] Well, there is internal competition. There are three candidates: one European, one from South Korea, and the Mexican candidacy which is supported, for the first time in the history of international organizations, by every country on the American continent—Canada, the United States, Central and South America, and the Caribbean countries. This offers us great potential to promote our candidacy, and, what is really encouraging, it shows a consensus on the American continent.

[Hirsch] Is this trip financed by private funds? Tell us about this.

[Salinas] This is a trip in which no government funds were used. The Government of Mexico has presented my candidacy, and it is supported by all of the countries of the region. I repeat, we are not using government funds.

Even in the meeting that will be held tonight with all of those present at the working meetings, the invitation was issued jointly by the United States, Canada, Chile, Brazil, Jamaica—in other words, the various nations endorsing my candidacy. This is a truly plural invitation.

[Hirsch] I would like to ask you how you view Mexico today, more than one month after you left the presidency?

[Salinas] I am closely following the developments in our country.

[Hirsch] Regarding your six-year term as president, was there something you had wanted to do but did not have time to accomplish?

[Salinas] From the beginning, I carried out what I had proposed in my program. In addition, I always was extremely open, reporting to my fellow citizens through the mass media and print media on the decisions made and the goals accomplished.

[Hirsch] Do you think the $40 billion loan President Bill Clinton is trying to obtain for Mexico has a chance of passing in Congress and the Senate?

[Salinas] I am watching this via the newspapers and the electronic media, and will be attentive to the results.

[Hirsch] Thank you very much, Mr. Salinas.

[Salinas] Thank you. [end recording]

UK To Expand Links With Cuba, Dominican Republic

FL2201204895 Bridgetown CANA in English 1550 GMT 22 Jan 95

[FBIS Transcribed Text] Bridgetown, Barbados, Jan 22, CANA—A handy reference to British policy and functional relationship with the Caribbean is covered in a new official guide to Britain, released for 1995. Half a century of changes in the politics, economics, social, cultural, and other aspects of life in Britain, the former colonial power of Barbados and other Third World nations, are chronicled in the 1995 edition of "Britain." The handbook, covering the period 1945-50 [as received], features for the first time, an introduction by the BBC Radio and Television broadcaster, John Humphreys, who highlights his impressions of how Britain has changed over the past 50 years since the end of the Second World War.

In addition to the policy and functions of the Foreign and Commonwealth Office in relation to Caribbean and Commonwealth [passage indistinct] of Britain's remaining 14 dependent territories, six of which are located in the English-speaking Caribbean. A major trade and aid partner of the Caribbean, Britain has recently announced its intention to maintain its "special relations" with the Caribbean even as it expands its economic links with the wider region, including Cuba, the Dominican Republic, and Puerto Rico.

The handbook, with its overview of official policies and developments in the United Kingdom, was compiled by the Central Office of Information in cooperation with some 250 organizations in Britain.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Salvadoran President on Economic Plan at Mini-Summit

PA2201191895 San Salvador EL DIARIO DE HOY in Spanish 20 Jan 95 p 2

[Report by Luis Membreno and Ismael Beltran]

[FBIS Translated Excerpt] During a visit to Costa Rica, Salvadoran President Armando Calderon Sol hinted yesterday that the Salvadoran Government will not announce or implement its new economic measures in the near future.

The president arrived in Costa Rica to attend a regional mini-summit at the Central American Institute of Business Administration (INCAE) to study the region's economic future.

At a news conference featuring a large number of reporters, Calderon Sol said the government must wait several weeks until it concludes consultations with the country's various political, business, and professional sectors.

The Calderon Sol administration is studying the possibility of establishing a fixed currency exchange rate, increasing the VAT [value-added tax] from 10 percent to 12 percent, gradually reducing import tariffs to zero, privatizing a number of state-owned companies and institutions, and modernizing the state.

The consultations will not be conducted at the domestic level alone. President Calderon Sol said he will send some of his main advisers to explain these measures to the other Central American nations. He made this decision because the possible unilateral opening of the economy (by reducing import tariffs to zero) will affect the Central American Common Market and interregional trade.

"We will conduct visits to present and explain the plan to each government to clear up any doubts, as well as to explain and promote discussion," Calderon Sol explained.

Calderon Sol told the Central American reporters that El Salvador will respect Central American treaties and agreements if it decides to implement the economic plan.

The Salvadoran president met here with Costa Rican President Jose Maria Figueres, Panamanian President Ernesto Perez Balladares, Belizean Prime Minister Manuel Esquivel.

Yesterday afternoon, the leaders attended a conference by the well-known U.S. economist Michael Porter, with whom they discussed different options for the region to overcome underdevelopment through the globalization of their economies.

In reply to a question by EL DIARIO DE HOY, President Calderon Sol assured that his government is preparing an economic plan—a plan "it is fine tuning in order to make a complete plan known to the Salvadoran people."

Calderon Sol said the plan deals with fundamental steps to transform El Salvador and to propose a more open economy for Central America.

Although the plan is not finished, Calderon Sol seized the opportunity during his short stay in Costa Rica to make a brief presentation of the economic reforms being studied.

When Costa Rican President Jose Maria Figueres was asked to remark on his Salvadoran colleague's proposal, Figueres abstained from making any comments.

"I would prefer to wait for El Salvador's Economic Council to conduct a serious and full analysis—something that a project of this nature deserves," Figueres said.

The Salvadoran delegation visiting Costa Rica includes Former President Alfredo Cristiani; Archie Balcocchi, president of Banco Agricola Commercial; Francisco de Sola, president of the National Committee of INCAE; Planning Minister Ramon Gonzalez; FUSADES [Salvadoran Foundation for Economic and Social Development] President Ricardo Hill; Finance Minister Manuel Enrique Hinds; Roberto Kreite, president of the Kreite Brothers firm; Roberto Mathies, president of the Salmar firm; Murray Meza, president of La Constacia, S.A.; Roberto Orellana Milla, president of the Central Bank; PROVAL [expansion unknown] Director Ricardo Poma; Ricardo Sagrera, president of San Andres Textiles; Salvadoran Foreign Minister Oscar Santamaria; Sigma President Henry Yahri; and Salvador Trigueros, Salvadoran ambassador to Costa Rica.

One of the uncertainties that prevailed in the mini-summit was the Central American nations' possible reaction to the Salvadoran plan.

Calderon Sol was asked: What would happen if they rejected the plan?

He replied: "We would have to study and evaluate the situation. I think the objectives of the plan have been accepted. There is an agreement."

The president reiterated that he is only seeking to generate wealth and well-being for Central America. "We would have to wait to make our decisions while other Central American countries announced their positions."

Analysts recalled yesterday the fact that El Salvador, Guatemala, and Honduras form part of the so-called "Northern Triangle." These nations are negotiating a free trade agreement with Mexico. Some people in the Costa Rican capital believe that if the Salvadoran Government unilaterally lowers its import tariffs, it will give Mexico an early advantage.

The presidents are scheduled to return to their respective countries tomorrow. [passage omitted]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Presidents on Economic Development

PA2201002695 Panama City Telemetro Television Network in Spanish 1730 GMT 20 Jan 95

[From the "Telemetro Reports" newscast]

[FBIS Translated Text] [Announcer] The Central American presidents met in Costa Rica, focussing their discussions on economic and border issues. Here is Omayra De Leon with a report from San Jose, Costa Rica.

[De Leon] The Salvadoran president convened the meeting in San Jose, Costa Rica. Panamanian President Ernesto Perez Balladares, Costa Rican President Jose Maria Figueres, Salvadoran President Armando Calderon Sol, and Belizean Prime Minister Manuel Esquivel attended. Perez Balladares arrived accompanied by his ministers of planning, agricultural development, and foreign relations.

Costa Rican President Figueres welcomed Perez Balladares, and the two had a brief private meeting.

The presidents later held a working meeting, during which the Salvadoran leader spoke about his economic plan and tariff changes. The meeting with Canadian Prime Minister Jean Chretien on 30 January to discuss Central America's possibilities for benefiting from NAFTA—a treaty signed by Mexico, the United States, and Canada—was also mentioned.

"Telemetro Reports" spoke to President Perez Balladares to learn about the treaty. Here is what the president said:

[Begin Perez Balladares recording] I believe this has been a reiteration of our government's policy, but obviously from a different angle, considering that these countries are different from Panama. Despite the differences, the objectives are the same: globalization and efficiency of markets and better productivity. These objectives are the only way to guarantee the investments needed to create more jobs, especially good-paying jobs. This topic will obviously take a great deal of time to implement, but we believe it is the only path toward national development. [end recording]

[De Leon] The presidents also participated in a conference with international economist Michael Porter on strategies they should use to make their economies more competitive.

Peru, Bolivia, Paraguay Sign Ocean Connection Accord

PY2001171895 Madrid EFE in Spanish 2000 GMT 19 Jan 95

[FBIS Translated Text] Lima, 19 Jan (EFE)—In Lima on 19 January, the deputy foreign ministers of Peru, Bolivia, and Paraguay signed a declaration to promote and facilitate the connection between the Atlantic and Pacific oceans.

A meeting was held at the Peruvian Foreign Ministry, and the declaration was signed by deputy foreign ministers Jaime Aparicio Otero of Bolivia, Oscar Cabello Sarubi of Paraguay, and Eduardo Ponce Vivanco of Peru.

The meetings of the "tri-national coordinating board" that began in Peru seek the physical inter-connection of the ports of Ilo and Matarani, southern Peru, with Asuncion, the capital of Paraguay, and the Paraguay-Parana waterways through Bolivian territory.

With the meeting held in Lima, the provision of the "Puerto Suarez Declaration," signed by presidents Alberto Fujimori of Peru and Juan Carlos Wasmosy of Paraguay on 25 September 1994 has been fulfilled.

The "tri-national coordinating board" analyzed the possibility of the transport and public works ministers of the three countries adopting the rules approved on this matter by the South American transport ministers for transport on the Ilo, Matarani, Paraguay- Parana waterways corridor.

The "coordinating board" reviewed the current legal system concerning customs, transport, and traffic of people and vehicles, and agreed to call for technical meetings to study the possibility of signing supplementary or additional agreements.

This group will begin consultations with international credit and technical cooperation organizations, and research will be done on current commercial flows and those which can be created upon the conclusion of the Asunion, Paraguay-Parana waterways, Puerto Bush-Puerto Suarez-Ilo-Matarani corridor.

The Bolivian and Paraguayan deputy foreign ministers, on behalf of their respective governments, invited their Peruvian counterpart to abide by the river transport agreement in the Paraguay-Parana waterway.

The Peruvian deputy foreign minister said that his country will consider the initiative very soon.

Consortium To Launch 'Caribstar 1' Satellite in 1996

FL2101170495 Bridgetown CANA in English 1546 GMT 21 Jan 95

[FBIS Transcribed Text] Port-of-Spain, Trinidad, Jan. 21, CANA—Caribstar 1, a communications satellite to serve the Caribbean, will be put into orbit in early 1996 by a consortium of Trinidadian, American and other foreign interests, a spokesman said Saturday.

Managing Director of Caribspace Ltd, Napier Pillai told CANA the company will launch and operate a direct broadcast satellite featuring digital audio. He said the project was aimed at opening new opportunities for radio broadcasting in the region.

Pillai added Caribspace, an affiliated company of Worldspace Corporation of Washington D.C., holds a licence from the Trinidad and Tobago government to launch and operate a broadcasting satellite. Caribstar 1 as well as sister satellites will be launched by Chinese

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Long March rocket company of Beijing, China, under an agreement signed in 1993 between Worldspace and the Chinese government.

He said Caribspace would sell radio channels to major international and regional broadcasters, who will then "spacecast" their programming directly to a new generation of portable, digital, radio receivers known as Starman.

This development would allow Caribbean broadcasters to deliver their programs anywhere in the region with a quality of reception superior to Frequency Modulation (FM) stereo, Pillai noted.

He also noted that the satellite system, which will be manufactured by another consortium of European Aerospace companies, would deliver 72 channels of high fidelity audio programming directly to Motorola-made, low cost Starman radio receiver sets to be assembled in Trinidad and Tobago for export.

"A survey conducted by the International Telecommunications Union (ITU) last year, projects a market potential of 10 million Starman receivers by the year 2005," Pillai, a former government communications director, said.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Cuba

Military Rescues 700 Rafters Fleeing Guantanamo Base

PA2001161595 Havana Radio Havana Cuba in Spanish 0000 GMT 20 Jan 95

[Report by Leonel Perez Moya from the "Evening Information Review" newscast]

[FBIS Translated Text] So far, the Cuban Armed Forces have rescued from mine fields about 700 rafters who, in a desperate attempt to escape their precarious situation, have fled from the illegal Yankee naval base that usurps part of Cuban territory in Guantanamo, east of Havana.

Since August 1994, the term rafters has been used to describe those people who abandoned the island illegally in unsafe vessels intercepted on the high seas by the U.S. Coast Guard, and who are now concentrated in depressing refugee camps set up at the Yankee naval base at Guantanamo Bay, Cuba, and along the banks of the Panama Canal in that isthmian nation.

Border Brigade members in charge of guarding the demarcated area surrounding the illegal U.S. base, where more than 20,900 rafters are being held prisoner and whose future remains uncertain, are constantly risking their lives in dangerous rescue operations.

As a result of the perils they face while being held at the U.S. military installations, many rafters have chosen to risk their lives to return to their homeland, where, despite their mistake, they are welcomed with all of the respect a human being deserves.

After being rescued from the mine fields by heroic members of the Border Brigades, the illegal migrants receive medical attention and first aid, are transferred by Cuban authorities to their places of origin, and are informed that they are being given the opportunity to rejoin Cuban society. One example of generosity and noble human convictions has been displayed by Cuban Armed Forces Major Jose Manuel Alvarez Beck, chief of the Border Brigades Sapper Battallion, who since August has entered the mine fields more than 90 times to rescue dozens of rafters who have escaped from the U.S. Naval Base.

Only a few accidental explosions have occurred in more than 100 operations, resulting in 10 casualties among rafters who came in contact with mines. Nevertheless, no member of the Cuban Armed Forces has been injured in these risky missions, which shows how efficient the sappers are.

U.S. To Move 'Sick,' 'Bamboozled' Refugees to Guantanamo

FL2101171095 Havana Radio Rebelde Network in Spanish 0000 GMT 21 Jan 95

[From the "Exclusive" program]

[FBIS Translated Text] Panamanian Foreign Minister Gabriel Lewis Galindo has said that the first group of Cuban rafters will be moved to Guantanamo Naval Base on 15 February. All of the people being held in the camps will have to depart Panama by 6 March. Radio PRENSA LATINA has more:

[Correspondent Eddie Zamora, in progress]...reported that the almost 300 rafters imprisoned in the preventive jail center for their participation in the riots of 7 and 8 December 1994 will be moved to the U.S. base at Guantanamo by sea because this allows for better control and security of these people. U.S. doctors report that the rafters arrived in Panama in September in good health; most of them will now return to Guantanamo sick and infested with parasites, with no future, disillusioned, and bamboozled by counterrevolutionary organizations in Miami, as acknowledged by the rafters themselves.

Further on Return

PA2301021195 Havana Radio Havana Cuba in Spanish 0000 GMT 21 Jan 95

[Report by Eddie Zamora in Panama; from the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban rafters at the U.S. Southern Command militarized camps in Panama recently received the visit of a delegation from the occupied U.S. naval base in Guantanamo.

The delegation included none other than Marine Brigadier General Raymond Ayres, responsible for the camps at Guantanamo, accompanied by 23 rafters.

The objective of the visit was to convince the rafters in Panama that their return to Guantanamo would not be an experience similar to returning to a living hell because the U.S. soldiers have agreed not to harass and beat them as they did several months ago. In addition, the Marine officer promised that their new homes would not be military tents but wooden houses, where between 12 and 16 persons per house will be able to live indefinitely, and that the camp would be guarded by 1,800 U.S. soldiers.

On the other hand, Panamanian Foreign Minister Gabriel Lewis Galindo announced that the first group of rafters would be transfered to the U.S. base in Guantanamo this coming 15 February. This will mark the beginning of the departure of nearly 8,000 rafters currently in Panama and is expected to conclude on 6 March.

Brig. Gen. Wilson announced that the nearly 300 rafters currently detained at the Preventive Detention Center for their involvement in the riots that took place on 7 and 8 December 1994 will be relocated to the military installations in Guantanamo by sea, which will allow a more effective control of these individuals.

The rafters who arrived healthy in Panama in September, as publicly attested by U.S. physicians, will now

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

be returned to the occupied territory of Guantanamo ill, infested with parasites, hopeless, discouraged, and feeling cheated by the counterrevolutionary organizations in Miami, as the rafters themselves have acknowledged.

Five Refugees Escape

PA2201022695 Havana Radio Havana Cuba in Spanish 0000 GMT 22 Jan 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] A U.S. Southern Command communique has reported that five Cuban rafters escaped from the camps to which they were confined on the banks of the Panama Canal and that U.S. soldiers are searching for them.

According to the communique, the escape occurred on the afternoon of 19 January, less than three weeks prior to the beginning of the transfer of some 7,400 rafters from Panama to the Guantanamo Naval Base, located in eastern Cuba.

Alarcon: U.S. Continuing 'Hostile Policies'

PA2101024995 Havana PRENSA LATINA in Spanish 2333 GMT 20 Jan 95

[FBIS Translated Text] United Nations, 20 Jan (PL)—Ricardo Alarcon, head of the Cuban delegation that attended the recently concluded round of migration talks held with the United States, said today the U.S. Government is continuing its hostile policies toward the Antillean island.

The official, who is also president of the National Assembly of the People's Government (parliament), added in statements given to the media that the U.S. attitude demonstrates Washington is willing to discuss only migration issues.

Alarcon said we insist we are prepared to analyze any issue with the United States, with the only condition of respecting Cuba's independence and based on equality.

He said it is difficult to talk about normalizing relations between the two countries without referring to the measures taken to prevent financial flows into the country, to make the regular flights between the two nations impossible, and to limit mutual communications.

I believe, he added, the U.S. people will end up convinced there is something wrong, as they are the only ones clinging to a policy of not recognizing Cuba, making it give in, aiming at isolating it and blocking it.

There is a reason why all U.S. allies refuse to support the blockade. There is a reason why all the governments that are friendly toward the United States have trade with, invest in, and maintain normal relations with Cuba, he said.

In his opinion, this Caribbean nation will be able in the future to face and solve its problems, "as it is indeed doing little by little," although the Cuban situation is becoming difficult due to the blockade, which cannot be perfect and with which no one complies.

"It is going to take us some time, and we will face more difficulties, because there is a U.S. blockade. It is clear, however, we are overcoming it. There will come the time when no one will even ask about the blockade. It will be ridiculous. It will become an anti-U.S. blockade. It is up to them," he said.

The Cuban official said Cuba is going through difficult times but is overcoming them basically thanks to the efforts of its people.

He insisted economic organization and austerity measures have allowed us to balance the country's finances. In addition to these measures, a significant decision is evolving: the process of opening to foreign capital and investments.

Alarcon denied the assertions made by the United States regarding the amount of money Cuba charges people desiring to emigrate to that country. He added the problem lies in the entry requirements for those people.

Washington, he said, demands lung X-rays, AIDS tests, a complete medical examination, marriage documents, divorce documents, university degrees, and many other documents—all of these requirements, he said, in addition to an airplane ticket at a time when air fares between Havana and Miami are increasingly expensive due to the measures adopted by the United States, which has reduced to a minimum the possibility of making such trips and has raised the costs of emigration operations and consular procedures.

All of the requirements imposed by the North Americans constitute expenses, Alarcon said.

Moreover, he said, these procedures are more expensive for Cuba than they are for other countries due to the blockade. X-rays and reagents for medical tests are more expensive for us than for any other country because we have to purchase them at unfavorable rates or from faraway markets.

According to Alarcon, he told the U.S. side during the conversations all they have to do is admit everyone simply with an airplane ticket if they want to reduce the entire cost. If you want to reduce costs, end the blockade, he said.

Alarcon added the United States has made pledges aimed at contributing to a legal migration process, but it has concurrently maintained its economic blockade policy, which continues to be its main obsession.

The North Americans worry it will mean a certain amount of income for Cuba if someone emigrates. They would like to hinder any access to dollars Cuba may

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

have. That reason is why they have stopped the remittance of money to relatives, have made trips by relatives almost impossible, or have reduced them to a minimum to harm the island, he said.

Nevertheless, Alarcon said, the ones who are paying the price are the Cubans who want to travel and help their relatives but are unable to do so.

According to Alarcon, the United States is full of people from all over the world who communicate every day with relatives in their native countries, all except the Cubans.

Asked about lifting the measures established by President William Clinton on 19 August, Alarcon said nothing has been said about resuming flights and delivering money to relatives. This, in my opinion, is one of the basic contradictions of our times, Alarcon said.

Delegation Spokesman Reviews Points Discussed in U.S. Talks

PA2101024295 Havana Radio Havana Cuba in Spanish 0000 GMT 21 Jan 95

[Telephone interview with Carlos Fernandez de Cossio, spokesman for the Cuban delegation to the immigration talks in New York, by Bianca Bellini; date not given; from the "Evening Information Review" newscast—live or recorded]

[FBIS Translated Text] [Bellini] Fernandez del Cossio is in New York. He is a member of the Cuban delegation that participated in the new immigration talks with United States. Greetings from Havana, Fernandez. We would like you to briefly discuss this new round of talks. Tell us if an agreement was reached and what progress was made, and give us a brief assessment of the talks.

[Cossio] Well, the round of talks was not intended to reach a new agreement. We must defend the 9 September agreement. Talks such as those held in October examined the various points at stake. Those points were debated in these talks, according to their importance, and assessments were about whether they have been complied with. The general assessment is positive. The agreement is being complied with and is fully binding. That is important, because it is the most important step taken to lay the groundwork for normalizing immigration between the two countries.

[Bellini] We know these talks are to verify compliance with the 9 September agreements. We would like to know whether progress has been made in any specific areas; for example, on the matter of the children in Guantanamo who have been taken illegally by one of the parents while the other remains in Cuba.

Another point is the 20,000 visas the U.S. Government pledged to grant every year. Cuba insists on the need to maintain regular flights from Miami. Can you tell us anything about this?

[Cossio] Regarding the children, Cuba has emphasized the parents' rights to exercise their parental authority. The child was taken to Guantanamo by another person without authorization. Of course, this is complex and not so easy. There are political and legal aspects involved. The rights of these parents must be considered. Cuba vigorously upheld this aspect. The U.S. delegates heard our position and made a commitment to seek the most practical solution. May I repeat: There is no easy solution.

As for the visas, the establishment of conditions both in Washington and at U.S. consular services in Havana were studied. There is reason to believe that the United States will, in due time, be able to comply with the agreement to extend visas.

As for the flights to unite Cubans living both in and out of Cuba, in the United States in particular, the blockade, the measures adopted by President Clinton on 20 August, were all discussed in the talks. None of these points can be separated from the immigration problem between Cuba and the United States. That is at the center of the disagreement between the two countries.

[Bellini] We also know that the fugitive Lionel Macias was discussed during the talks. Macias killed a member of the Revolutionary Armed Forces in August during an illegal departure incidents, and he is free in the United States. Can you tell us about this?

[Cossio] He is not free. He was detained by U.S. immigration authorities. We were given an unsatisfactory explanation that it is difficult for them to enforce the law. Of course it is disappointing that a clear case of murder, on which Cuba has presented evidence and documents, has been defeated by technicalities in the U.S. legal system.

[Bellini] Has the U.S. media reported this new round of immigration talks?

[Cossio] Not very much.

[Bellini] Are any new meetings scheduled to take place in Havana?

[Cossio] Yes. It is part of the process to study the progress of fulfillment of the agreement. The next meeting will be held in Cuba. The exact date has not yet been determined, nor is it necessary.

Reports on Emigration Fees Denied

FL2101140495 Havana Radio Rebelde Network in Spanish 1255 GMT 21 Jan 95

[From the "Doing Radio" program]

[FBIS Translated Text] Ricardo Alarcon met the press in New York on 20 January to deny reports circulating in the United States that Cubans wishing to emigrate to the United States are being charged excessive fees. He stressed that the problem lies in the requirements

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

imposed by Washington, which include chest X-rays, AIDS tests, complete medical checkups, marriage and divorce certificates, university diplomas, and many other documents.

Migration Accord Progress Noted

FL2101031395 Havana Cuba Vision Network in Spanish 0100 GMT 21 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] In an interview with PRENSA LATINA, Ricardo Alarcon, head of the Cuban delegation to the New York talks, stated that there were controversial aspects of the recently concluded migration negotiations. The U.S. representation to this second round of revisions to the 9 September bilateral agreements, was headed by Dennis Hays, coordinator of Cuban Issues of the U.S. State Department.

Alarcon commented to PRENSA LATINA that the United States has not reacted to the issue of children illegally taken from the island by one of the parents, who are now being claimed by the other parent. He also considered unresolved the issue of the individual who murdered a Cuban Navy officer on 8 August to hijack a vessel to travel to the United States with a contraband of emigrants.

Nevertheless, Cuba described the atmosphere of the recently concluded rounds in New York as constructive, and both sides agreed that there has been progress in the application of the migration agreements.

Alarcon on Talks, Blockade

PA2101190095 Havana Radio Havana Cuba in Spanish 1300 GMT 21 Jan 95

[From the "Saturday Supplement" newscast]

[FBIS Translated Text] Ricardo Alarcon, president of the National Assembly of the People's Government [ANPP], said in New York that the United States is only willing to discuss migration. They continue, however, to wage their hostile policies against the island. He reaffirmed that his government is ready to address any topic with Washington, as long as there is respect for independence and equality. Alarcon led the delegation that just concluded another round of talks on migratory matters with U.S. Government representatives in Washington.

The Cuban ANPP president stressed that the United States adopts commitments directed at favoring legal migration, while it continues to uphold an economic blockade, which seems to be its basic obsession. He said that with the blockade in place, things just become more difficult and it takes Cuba a little longer to get them done. It is clear, however, that the country is slowly overcoming the current situation and there will come a time when the blockade will seem ridiculous and will eventually be turned against the United States.

Mexico Reported To Refuse U.S. Aid Package Compromise

FL2101035195 Havana Radio Rebelde Network in Spanish 0000 GMT 20 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] Among the most important news from the international press agencies is the attempt by U.S. congressmen to impose conditions on the $40 billion in U.S. financial aid to Mexico, such as changes in foreign policy and in the national economic strategy of President Ernesto Zedillo.

A document circulating in the U.S. Congress highlights 16 demands being made by the U.S. Government on Mexico before granting financial credit to relieve the current economic crisis. The demands include privatization of national enterprises, more control over drug trafficking, repatriation of undocumented Mexican citizens from the United States, and reduction in trade with Cuba. President Zedillo and his secretary of Foreign Relations (Jose Angel Curria) stressed that Mexico will not accept any kind of economic or political demands from the United States to receive a package of financial aid.

In addition, Mexico's ruling Revolutionary Institutional Party [PRI] stated its support for Zedillo in defense of Mexican sovereignty against the attempts of meddling by U.S. congressmen. Also, the PRI rejected recent statements by the U.S. Treasury secretary, who said that Mexico must guarantee the U.S. credit with its oil revenues fund, which is deposited in a New York bank.

Solidarity Group Condemns U.S. Pressure on Mexico

PA2201201195 Havana PRENSA LATINA in Spanish 2056 GMT 21 Jan 95

[FBIS Translated Text] Mexico City, 21 Jan (PL)—The "Let's Go for Cuba" friendship and solidarity group today condemned attempts by a group of U.S. legislators to condition U.S. credits to Mexico on Mexico's joining the anti-Cuban policy of the United States.

A statement issued by the organization says this arrogant and presumptuous position toward Mexico and Cuba constitutes a new and shameful attempt to violate the most elemental sovereignty of the people of both nations.

"We Mexicans can never exchange our sovereignty for dollars, nor will we surrender the brotherhood and solidarity that has historically bound us," the document adds, which also asks that support for Cuba be redoubled to reject U.S. blackmail and outrageous conditions.

The solidarity group notes that although this condition is included in a draft package of 16 impositions circulating

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

in the U.S. Congress, the mere fact that it was proposed reflects a sordid and despicable attitude toward the Mexican people.

According to this group's appraisal, the United States, through the 16 conditions it intends to impose, is seeking to usurp Mexican sovereignty by demanding handing over of Mexico's oil industry, the organizing of Mexican finances in Washington, and the liberalization of all restrictions on U.S. banks.

The group likewise describes as the "ultimate disgrace" the demand that Mexico's foreign policy be submitted to U.S. Government dictates.

Robaina Receives Members of Australian Solidarity Brigade

FL2101033295 Havana Radio Rebelde Network in Spanish 0000 GMT 21 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina received members of the 12th Contingent of the Cruz del Sur Australian solidarity brigade on 20 January. Robaina answered the questions of the brigade members about various aspects of Cuban foreign policy and Cuban reality. Regarding the results of the recent visit by Australia's foreign minister, Robaina stated that it was brief but intense.

[Begin Robaina recording] The most important thing was to open a channel of communication like the one we opened. Any country or person [words indistinct]. There are many things in which we coincide, and many on which we disagree, however, to speak and establish dialogue, we do not need to begin [words indistinct]. Cuba is opening to foreign investment, and this is in Australia's interest. Cuba is a country with many needs, but not only needs. Cuba, among its needs, also offers [passage omitted] [end recording]

The Cruz del Sur brigade has worked in Santiago de Cuba Province with Moncada Heroes Construction Contingent, and donated money to [word indistinct] to buy food and medicine for children.

Visit Discussed

PA2101041695 Havana PRENSA LATINA in Spanish 0204 GMT 21 Jan 95

[By Ulises Canales]

[FBIS Translated Text] Havana, 20 Jan (PL)—Cuban Foreign Minister Roberto Robaina today described as intense, interesting, and having many possibilities of exchange the recent visit made by his Australian counterpart, Garth Evans, to Cuba.

"We encountered a great deal of receptiveness and many possibilities of opening a channel of communications," Robaina said at the Foreign Ministry during a meeting held with 30 Australians and New Zealanders who are members of the Southern Cross Solidarity Brigade.

High levels of communications could cover the long distance between Australia and Cuba and the most important result of the visit was that it laid the foundations to do so, he maintained.

He said in the 48 hours Evans stayed on the island, he was able to also meet with Cuban Vice President Carlos Lage, who heads the country's economic program, and with the foreign trade, basic industry, and foreign investment and economic cooperation ministers and others.

Robaina said Cuban President Fidel Castro received Evans the last day of his visit.

The government official also said Australian authorities have shown interest in favoring capital investments in Cuba, while the island is offering investment opportunities in the area of, among others, nickel, which is a mineral that has large fields in eastern Cuba.

He added the Cuban debt owed to Australia, the possibilities of paying it or refinancing it, and the exchange of businessmen were discussed during the official conversations. In addition, he was invited to visit that nation within the next few months, possibly in April.

The Cuban diplomatic leader also explained to the members of the brigade the immediate priorities the country's foreign policies have and the current socioeconomic and political situation of the Antillean nation.

As Robaina was asked to comment on the recently concluded round of talks held by Cuba and the United States to analyze the compliance with the migration agreement signed in September 1994, he said it concluded amid a good climate. He also said that only migration issues were discussed during the talks and that Cuba complied with what was agreed, while the United States is doing so "slowly."

Lage Praises Meeting With Colombian President

PA2301043595 Havana PRENSA LATINA in Spanish 1448 GMT 22 Jan 95

[By "special correspondent" Abel Sardina]

[FBIS Translated Text] Cartagena, Colombia, 22 Jan (PL)—Carlos Lage, vice president of the Cuban Council of State, said today that his private, two and one-half hour meeting with Colombian President Ernesto Samper was excellent.

In talks with PRENSA LATINA, Lage, who is currently visiting the city, said he informed the Colombian president of Cuba's current situation, its difficulties, the economic measures it has adopted, and the results they are yielding.

Samper also gave him ample information on the Colombian situation and the policies his government is implementing, placing a special emphasis on the social leap policy that will benefit the poorest 12 million inhabitants in the country.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The Colombian president also informed Lage about Colombia's preparations for the Nonaligned Movement (NAM) Summit to be held in this Caribbean city in October, and they discussed the Latin American situation in general and the advances of and perspectives for regional integration.

Lage and Samper also reviewed their countries' bilateral relations, especially underscoring the strength and positive level of their political exchange. They assessed the commercial trade between both countries and noted that trade increased to $48 million in 1994 and has good prospects of increasing further.

After the private meeting, the Colombian president offered a dinner for the Cuban delegation. The event lasted until midnight on Saturday and was attended by Colombian Vice President Humberto De La Calle, the foreign and government ministers, other officials, and Nobel literature laureate Gabriel Garcia Marguez.

Lage, who was invited by President Samper, arrived here yesterday. Prior to meeting with the Colombian president, Lage attended a luncheon offered by Vice President De La Calle, which was also attended by the government and foreign ministers, the mayor of Cartagena, the commander of Atlantic Navy Forces, among others.

Today, the Cuban delegation will go to San Pedro Alejandrino Villa, near Santa Marta, where Liberator Simon Bolivar died in December 1830, to donate two paintings by Roberto Fabelo, who is part of the delegation, and another one by deceased painter Rene Portocarrero.

Relations Discussed

FL2301011395 Havana Tele Rebelde and Cuba Vision Networks in Spanish 1800 GMT 22 Jan 95

[From the "Sunday Supplement" newscast]

[FBIS Translated Text] Carlos Lage Davila, vice president of the Cuban Council of State and secretary of the Executive Committee of the Council of Ministers, stated on 22 January that his private two-and-a-half-hour meeting with Colombia's president Ernesto Samper was excellent. Lage, who arrived in Colombia on 21 January, advised Samper about the current situation in Cuba, the economic measures implemented, and their results. Samper informed Lage about the situation in Colombia and preparations for the Summit of the Nonaligned Countries in October 1995. In addition, Lage and Samper discussed the current status of bilateral relations. President Samper later hosted a dinner to honor the visitors, attended by high-ranking Colombian officials.

Talks Called 'Constructive'

PA2301044195 Havana PRENSA LATINA in Spanish 2228 GMT 22 Jan 95

[By "special correspondent" Abel Sardina]

[FBIS Translated Text] Cartagena, Colombia, 22 Jan (PL)—Colombian President Ernesto Samper said today the evolution of relations with Cuba since they were restored in October 1993 "confirm fully that we were not wrong when we took that step."

Talking to PRENSA LATINA on the two and one-half hour meeting he held last night with Carlos Lage, vice president of the Council of State, Samper said it was very constructive and that in addition to reviewing the progress of relations, they also talked about incorporating Cuba into the Latin American community.

We analyzed—he added—the problems the island is facing as a result of the blockade the United States imposed over 30 years ago, and "the possibilities, which are very big, that Colombia has of investing in Cuba and continuing to support the economic process taking place" in that country.

This reporter talked with Samper in a restaurant in the old part of this Caribbean city, where he was when the Cuban vice president arrived to attend a luncheon, hosted by Nobel Prize laureate Gabriel Garcia Marquez, with local businessmen and personalities.

In Lage, "I have found a person of great personal qualities, of extraordinary social sensitivity, and of an outstanding perception of what the political maneuvering may be like in the future," he noted.

Colombian Vice President Humberto De la Calle and his wife attended the meeting organized by Garcia Marquez. Today, De la Calle went with the Cuban delegation to the San Pedro Alejandrino Estate, near Santa Mart, where Liberator Simon Bolivar died in 1830. He affirmed relations are on the right track.

Keeping a pledge made by President Fidel Castro during his visit last July, a painting by Cuban painter Rene Portocarrero and two by Roberto Fabelo, who flew to the site, were donated to the museum.

When interviewed by PRENSA LATINA, De la Calle reiterated the Colombian stance in favor of lifting the U.S. economic blockade on Cuba and highlighted the encouraging commercial exchange between the two countries, as well as the mutual interest of continuing to increase it.

He also disclosed that Lage invited him to visit Cuba and said he will do so in mid-July.

"In general terms, it was a very productive and rich conversation not just on bilateral relations but also on the situation in Latin America," De la Calle said, commenting on the meeting he held yesterday with the Cuban visitor. He made those remarks shortly after Lage arrived in Cartagena at President Samper's invitation.

Trade Minister Comments on Caricom Commission Meeting

PA2001165295 Havana Radio Havana Cuba in Spanish 0000 GMT 19 Jan 95

[Report by Mario Munoz from the "Evening Information Review" newscast]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[FBIS Translated Text] The second session of the Joint Cuba-Caricom [Caribean Common Market] Commission ended on Wednesday [18 January] at Havana's Convention Palace with the joint pledge that 1995 will be a year of definite results in cooperation among the countries of the region.

Cuban Foreign Trade Minister Ricardo Cabrisas, who led the Cuban delegation at the meeting, gave Radio Havana Cuba his assessment of the important meeting:

[Begin Cabrisas recording] We are encouraged about the results achieved up until now. This year has been a year of establishing contacts between each of the member institutions. I believe that in this second year, 1995, with the working groups that have been created, we can hope for much better results. These will be taken into consideration during the third session.

I believe that we have been able to establish the Joint Cuba-Caricom Commission as a mechanism for consultation, for the exchange of information, and for encouraging action aimed at guaranteeing Cuba's integration with the region, which is a top priority. A number of projects were presented between the first and this second meeting. Both Caricom-member countries and various specialized institutions have engaged in discussions and in exchanges of information with their Cuban counterparts. This is going well.

There is a great deal of interest in the projects presented. Here, during this second meeting, two new projects were presented, and both will undergo a process similar to that associated with the first projects presented. In other words, the secretariat receives them and reviews them in depth. Then it circulates them among member-countries, and the member-countries give their opinion on each of the projects, depending on their individual interests. Then the projects are returned to the secretariat and, through the secretariat, to Cuba. We understand that in the future Caribbean members must have representatives here. This will take some time because of financing and other problems, but these are not obstacles to carrying out the commission's work. [end recording]

During the meeting, the existing plan of action regarding different areas of cooperation between Cuba and the 13 Caribbean English-speaking countries was revised. These areas involve technological, cultural, and environmental cooperation; tourism; transportation; information systems; and commerce and investments. Cooperation in sports was also included, an area in which Cuba can provide a great deal of technical assistance.

At the end of the meeting, Sir Edward Carrington, secretary general of Caricom, spoke to the press.

[Begin Carrington recording, in English fading into Spanish translation] Although the meeting was brief, we had the opportunity to be informed about Cuba's cooperation policy, as well as the policies pursued by Cuba in other areas. I think we have been encouraged by the progress made in the implementation of the general plan. Much more remains to be done, however. [end recording]

Regarding the current difficulties for increasing cooperation between Cuba and Caricom, Carrington noted:

[Begin Carrington recording, in English fading into Spanish translation] One of the problems is that of transportation. An example of this is that it takes one month to transport one container from Trinidad and Tobago to Cuba and it costs more than $200,000 [figure as heard]. Transporting this same container to Miami could take one week and cost $800. Now, look at these differences in costs and competitiveness. Think also of what this implies for perishable goods. This is one example of the problem. The solution: We have established a specific working group on maritime transportation that will comprise the private and public sector. In other words, some of the businessmen whose products are involved will be included to enable this group to develop a solution to face this specific problem.

This is just one example. There are many other problems, such as trade information. Businessmen in Trinidad and Tobago, Guyana, Jamaica, and Cuba do not have ready access to information regarding products that are for sale in each other's markets, what the prices are, quality standards, and so forth. This information must be disseminated. [end recording]

Different meetings will be held to follow up on these talks between Cuba and the English-speaking countries of the Caribbean, because the proposals presented by Havana will be analyzed by working groups from different countries comprising Caricom. It was also announced that the next meeting of the Joint Cuba-Caricom Commission will be held in early 1996.

Ground Broken in Havana for First of Six Caribbean Hotels

FL2001190695 Havana Radio Reloj Network in Spanish 1504 GMT 20 Jan 95

[FBIS Translated Text] A simple ground-breaking ceremony marked the beginning of construction of the Parque Central Hotel, Havana, the first of six planned by the joint enterprise Amanecer S.A. created by the Cubanacan and (Sunrayes) groups. Newspaper GRANMA adds that Cubanacan president Abraham Maciques, and Enrique Castano, executive of the (Vitolo) Company, will hold the posts of president and vice president, respectively, of the new Amanecer S.A. enterprise. The first hotels will be built in Havana, Varadero, and Maria Aguilar Beach, south of Trinidad, and will be operated by GPI [expansion unknown] which manages the Cubanacan hotels in Santa Lucia beach.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Castro Attends Farewell for Outgoing Mexican Ambassador

FL2101023195 Havana Radio Rebelde Network in Spanish 0000 GMT 21 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] Comander in Chief Fidel Castro attended the farewell reception on 20 January for Carlos Tello, Mexican ambassador to Cuba, who completed his diplomatic duties on the island. Fidel Castro conversed with Tello and other members of the diplomatic corps.

Castro Awarded Olympic Honors for Sports Contributions

FL2101032395 Havana Cuba Vision Network in Spanish 0100 GMT 21 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] Commander in Chief Fidel Castro, president of the Councils of State and Ministers, was decorated last night with the (Almerito) Award, the highest distinction awarded by the Association of National Olympic Committees [ACNO], in a solemn ceremony at the Palace of the Revolution. ACNO President Mario Vazquez Rana of Mexico presented Fidel with the award for his permanent, outstanding support for the development of Cuban sports. In this speech, Vazquez stated that the granting of the award was backed by the 196 world Olympic committees.

During another moment of the ceremony, Fidel also received the Centenarian Trophy [Trofeo del Centenario], which is awarded to the most outstanding personality or athlete in each country, from Manual Gonzalez Guerra, president of the Cuban Olympic Committee of the Century.

In expressing his appreciation for the decorations received, Fidel recounted the efforts of the Cuban sports movement to maintain the competitive level of the athletes and teams in preparation for the 12th Pan-American Olympic games in Mar del Plata in March. He also spoke of the Cuba delegation's goal to acquire a higher number of gold medals, and considered using the strategy of equaling the 140 gold medals won during the Pan-American games in Havana. He hopes that Mar del Plata [Sea of Silver] will become a sea of gold for the Cuban representatives, who will encounter great competition from other competitors of the continent.

Another important moment of the ceremony was the recognition given the boxing selections of the Pan-American games held in Havana. Mario Vazquez Rana awarded the Clark Flores Medal to three- time champion (Felix Sabedo). The award was created by the Pan-American Sports Organization for the most outstanding sport of the continental sports event in Havana.

Vazquez also presented Manuel Gonzalez Guerra, president of the Cuban Olympic Committee, with a plaque for this many years at the head of the Cuban Olympic movement.

Haiti

'Discontent' Between Executive, Legislature Reported

FL2001205095 Port-au-Prince Signal FM Radio in French 1130 GMT 20 Jan 95

[FBIS Translated Excerpt] There is on-going discontent between the executive and the Legislature. Again the Chamber of Deputies has decided to defer any and all activities related to examination of the draft budget of the Republic. President Jean-Bertrand Aristide asked the Chamber of Deputies in a letter to add the bill relating to the creation of new ministries to the agenda of the extraordinary session that began on 28 September 1994, but with all appropriate reservations, the executive pointed out.

The parliamentarians refer to legal impediments. They demand explanations before resuming work. They intend to form a delegation of deputies to meet with President Aristide for better assessment of the contents of the president's letter dated 18 January from the National Palace. [passage omitted]

President Calls Discontent 'Calculated'

FL2001213795 Port-au-Prince Signal FM Radio in French 1130 GMT 20 Jan 95

[FBIS Translated Text] The deputies are not far from leaving, which will create a constitutional vacuum. This is the opinion of Professor Hubert de Ronceray. He holds the deputies of the 45th Legislature responsible for the problem. De Ronceray told Signal FM that the parliamentarians could have avoided this constitutional vacuum. The Mobilization for National Development's leader's nightmare is that the executive will have the chance to reign supreme. De Ronceray was interviewed this afternoon... [pauses] yesterday by Nirvah Massillon.

[Begin de Ronceray recording, in Creole] Well, we think the discontent is pretty serious, which is no accident. We might even say it is a calculated discontent and that neither of the two camps is quite wrong. On the one hand, there is the 45th Legislature, the mandate of which expired on 9 January. This should be the start-up date of the 46th Legislature. But the deputies might have come with what is called a mathematical logic, reasoning that their mandates expire on 7 February [date as heard], the anniversary of their swearing-in. We find this logic faulty because on that count we can affirm that the reservations expressed in the letter they received... [pauses] that accompanies the bill are well founded. But on the other hand, the parliamentarians let the executive catch them up in a trap they would have been able to forestall and control. They should have forced the executive to respect the process of setting up a Permanent Electoral Council because from 15 October to the end of December was sufficient time for voting the law on territorial communities, and for convening communal, municipal, and departmental assemblies. But the deputies preferred to

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

play, to juggle their prerogatives. So, on the whole, we in the MDN consider this discontent a quite negative indicator for the elections that have been announced, and a step toward a country without legal foundations. The Haitian state is composed of three powers—the legislative, executive, and judicial. None of these powers can totally or partially delegate its privileges to any other, according to the provisions of Article 60-1 of the Constitution. [end recording]

IS Congress Seeks Financial Aid for Haiti

FL2001231295 Port-au-Prince Radio Metropole in French 1700 GMT 20 Jan 95

[FBIS Translated Excerpt] The International Socialists (IS) Congress ended on 19 January in Port-au-Prince with a call from participants for aid to Haiti. Dominican leader Jose Francisco Pena Gomez, president of the International Socialists of Latin America and the Caribbean [ISLAC], asserted during a news conference on 19 January that an IS committee will soon go to Washington to convince the U.S. Congress to facilitate aid to Haiti. This commission will make a second appeal to the Japanese Government, which is now led by a socialist prime minister. The commission will also approach the European Union, according to Jose Francisco Pena Gomez. Edner Jean filed a report:

[Begin recording] It is now necessary to change political support for President Aristide into reliable economic support. That is the new watchword that the commission of the International Socialists of Latin America and the Caribbean group [ISLAC] will try to pass on to the international community.

After fighting to restore democracy in Haiti, the international community cannot afford to fold its arms in the face of the economic distress of this country, says Mr. Luis (Ayala), secretary general of this organization. Thus, in a resolution adopted by acclamation and named the Port-au-Prince Declaration, ISLAC has committed itself to participating in a broad campaign within the international community so that substantial economic aid can be given to the Government of Haiti and its people as soon as possible. Already, ISLAC asks fellow parties throughout the world to invite the entrepreneurs in their countries to invest in Haiti as a contribution to the economic and social improvement of that country, which is suffering deep unemployment. Furthermore, an international mission of good office led by the International Socialists will soon go to Washington to convince the leaders of the U.S. Congress and the administration of the necessity to speed up the release of the financial assistance promised President Aristide. A similar approach will be taken with the international community. Dominican leader Jose Francisco Pena Gomez launched this initiative. [passage omitted]

On the political level, ISLAC encourages the Haitian Government to promote a democratic electoral atmosphere, allowing all candidates to campaign in freedom. ISLAC also encourages the social and political forces of Haiti to reinforce the process of national reconciliation initiated by President Aristide since his return to Haiti. Furthermore, the organization encourages the democratic forces of Haiti to establish an agreement in view of guaranteeing social peace and stable, democratic management of the country during the next five years.

In another resolution, the participants decided to send a letter to former Venezuelan President Carlos Andrez Perez for having been the first head of state on an international level to support President Aristide following the 30 September military coup d'etat.

On the regional level, in a resolution on Latin America adopted by the ISLAC, 35 representatives who participated in this meeting expressed their solidarity with the social democratic parties and political forces of Latin America by saluting the recent electoral victories in Costa Rica, Panama, and Honduras. They urge the parties who signed the peace agreement in El Salvador to achieve definitive and satisfying implementation of the agreement.

Finally, the International Socialists of Latin America and the Caribbean hopes the countries of Central America will continue their national and regional process of pacification and democratization, which began with the (?Eskipolas) resolution. At the end of this meeting, the organizers and promoters of the ISlAC presence in Haiti thanked those who supported this initiative and also pointed out the positive aspect of this meeting for the entire Haitian political sector. [passage omitted]

The ISLAC meeting is over. After two days of discussion and debate, the 35 IS representatives returned to their countries, but many promised to return soon to Haiti to closely follow the democratic process. These include Francisco Pena Gomez, who said repeatedly that he carries Haiti in his heart. [end recording]

President, UNESCO Chief Sign Cooperation Memorandum

FL2101134195 Bridgetown CANA in English 2059 GMT 20 Jan 95

[FBIS Transcribed Text] Paris, Jan. 20, CANA—Haitian President Jean-Bertrand Aristide and the director general of the United Nations Scientific and Cultural Organisation (UNESCO), Federico Mayor, have signed a memorandum of cooperation to help strengthen Haiti's democracy and development.

Mayor, during the first visit by the head a United Nations agency to Haiti, agreed to quickly establish an office in Haiti to coordinate UNESCO's activities in education, science, culture and communication, UNESCO said in a statement Friday. The director-general has allocated U.S.300,000 to finance the operations and administration of this office.

UNESCO said the principal theme of the memorandum, signed on Thursday in Port-au-Prince, is to support the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

re-establishment of democracy in Haiti and to help facilitate national reconciliation. It added it will establish a programme to promote social development and state reform which it will base on its Culture of Peace programme already established in El Salvador.

"In the field of education, the organization will support Haiti's National Education Plan as part of its Education for All programme. At an informal meeting held in Paris last August, consultants of the World Bank recognized UNESCO's crucial role in this area and may work together on five education projects that include basic and rural education, literacy and schooling for women.

"Media and communication will also be part of the programme of democratization and development. UNESCO will provide assistance in training of media specialists through an exchange programme with the Caribbean News Agency (CANA)," UNESCO reported.

The UN agency will also provide assistance to the national archives and support the development of a national strategy for computerization, by supporting the introduction of computers in the public administration and the archival system and the training of technicians and specialists. UNESCO will also actively participate in the development of science and technology, renewable energy sources, environment, hydrology and the prevention of natural disasters.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Zedillo Briefs Businessmen on Efforts To Obtain U.S. Credit

PA2001155695 Mexico City XEW Television Network in Spanish 0430 GMT 20 Jan 95

[From the "24 Hours" newscast]

[FBIS Translated Text] At Los Pinos, Mexico's economic problems and their solutions were analyzed. President Ernesto Zedillo today [19 December] met with a group of 30 Mexican businessmen, most of whom have interests in various parts of the world. At the end of the private meeting, businessmen Raul Munoz, president of Dupont de Mexico, and Arturo Elizundia, House of Fuller president in Mexico, held a news conference. They said the president informed them that talks in Washington to obtain a $40 billion line of credit for Mexico are making good progress.

Arturo Elizundia explained these negotiations must not generate concern over the nation's sovereignty:

[Begin Elizundia recording] I feel sovereignty is not at stake here, because, as I said during the meeting, Mexico now has a greater capacity to export and obtain foreign currency, which is a guarantee for repaying the money loaned us. [end recording]

The meeting was attended by the directors of businesses such as Chrysler de Mexico, General Motors de Mexico, Mercedes Benz, American Express, Celanese Mexicana, Xerox Mexicana, Sears de Mexico, Pepsico, Nissan Mexicana, and Grupo Ericsson, among others.

Finance Secretary Denies Signing Agreement with U.S.

PA2101200595 Mexico City REFORMA in Spanish 20 Jan 95 p 17A

[Article by Mauricio Flores, Miguel Angel Juarez, and Julieta Medina]

[FBIS Translated Text] Finance Secretary Guillermo Ortiz Martinez said yesterday that Mexico has not signed any agreement with the United States to provide revenues from oil exports as a guarantee for the loans offered by the U.S. Government.

During a meeting held with deputies and senators of the Institutional Revolutionary Party (PRI), Ortiz pointed out that the U.S. Congress is discussing a proposal on the agreement of credit guarantees and that Mexico is in the right and has the power to accept or reject such a proposal in terms of its national interests, because the country's sovereignty will not be compromised.

He confirmed that an account will be created to deposit funds from the sale of Pemex [Mexican Petroleum] products. This account will be the guarantee for the $40 billion loan offered by the United States. Ortiz said, however, that the government is not aware of the U.S. Congress' conditions for granting the loan.

During the meeting held in the Pan-American Room of the National Palace, it was stated that the Mexican Government seeks to restructure the maturity dates of the balance of Tesobonos [treasury bonds] in circulation to a period of up to 10 years, after which the guarantee plan would come into effect if no payments are made.

Ortiz explained that there is no figure on the balance of Tesobonos, whose maturity date expires this year. Although approximately $28 billion has been estimated for 1995, a part of it will be restructured in the long term while another part will be rescheduled by the international creditors.

Some attendees said that Ortiz explained that the objective of international negotiations to obtain foreign resources is to appease international investors regarding Mexico's capacity to pay.

Therefore, the government expects not to use all the loans offered by the U.S. Government and, thus, it will not have to put up all of its guarantees in the future.

The legislators that were consulted stated that although "different proposals will be discussed" in the coming days for an agreement on guarantees involving revenues from oil exports, the executive branch is determined to prevent the country's sovereignty from being affected.

PRI members warned that they will not give the government a "blank check" to fall further into debt and they added they will have to be convinced about the benefits and effectiveness of the economic adjustment program.

Ortiz mentioned that despite the fact that it is necessary to reduce public spending to generate savings for the fulfillment of the Economic Emergency Program, the initiative to change the Bill on Expenditures does not contemplate reducing allocations for social, educational, and health programs.

Expenditures Under Secretary Santiago Levy noted that the guidelines to reduce investment spending call for postponing all projects that have not been started yet and finishing those that are already under way with the lowest possible cost. Levy also attended the meeting. Communications and transportation are among the areas facing the largest investment cuts.

Presidential Communique Vows Not To Privatize Pemex

PA2201200595 Madrid EFE in Spanish 1752 GMT 22 Jan 95

[FBIS Translated Text] Mexico City, 22 Jan (EFE)—According to a presidential communique issued today, Mexican President Ernesto Zedillo has reiterated that Mexican Petroleum (Pemex) will not be sold.

EFE has learned that Zedillo held a private meeting yesterday with Institutional Revolutionary Party (PRI)

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

legislators, whom he assured that, in on-going negotiations, the Mexican Government will not accept any U.S. assistance that affects Mexican sovereignty.

According to Zedillo, there is a risk that the current Mexican crisis could become a global crisis, and therefore all countries of the world should cooperate to resolve the crisis "within a framework of respect and cordiality."

The Mexican president said current economic difficulties are only financial; therefore, a political solution is not being sought. He reiterated that under no condition will he accept a discussion of the privatization of Pemex.

Mexico has sought to change the opinion of those in the United States who oppose granting $40 billion worth of credits, but nothing has been discussed regarding oil reserves or Pemex's total sales.

To comply with international commitments and to strengthen the financial system, the bill on federal revenues and spending must be modified, Zedillo said.

The Mexican president urged legislators to study the initiatives he sent the Chamber of Deputies and to work with the financial authorities to define these criteria and contribute to the rapid recovery of the Mexican economy.

Meanwhile, a National Action Party (PAN) communique said its leadership met with President Zedillo to discuss the country's situation. During the meeting, PAN leaders highlighted the importance of the National Political Agreement signed by Mexico's four main political parties and the Zedillo government in working to overcome the crisis. They added that negotiations on the agreement should begin as soon as possible, but that these must be initiated by the federal government.

Private Banks Draft Measures To Tighten Credit

PA2001182595 Mexico City EL FINANCIERO in Spanish 18 Jan 95 p 7

[Report by Georgina Howard]

[FBIS Translated Text] Amid a "highly recessive" atmosphere forecast for the next five and one-half months, before granting new lines of credit, banks will review all clients for trustworthiness and economic solvency, seek loan-payment assurances, and secure guarantees that new debts will not degenerate into overdue accounts.

In view of this year's credit austerity announced by the Bank of Mexico [Banxico], private banks are already drafting the 1995 guidelines for granting loans. In 1995, the ceiling for overall financing will be no more than 12 billion new pesos, even though the country requires some 600 billion new pesos.

In the future, under the premise that Mexico's banks "cannot function hoping for a miracle," credit institutions will demand that all those seeking credit, whether companies or individuals, offer bona fide guarantees.

The program being drafted by the various credit associations will be presented for review to the Finance Secretariat, Banxico, and the National Banking Commission. This program cautions that credit institutions could be forced to alter interest rates at any given moment.

Banking sources have confirmed this and reported that banks will offer extended deadlines on their credit. There is no specific agreement to lower interest rates, but the program gives the institutions the freedom to reduce them by as much as 1.5 percent.

In addition, and in line with recommendations from the National Banking Commission, each of the banks offering credit this year will take into consideration creditors' portfolios, capitalization levels, risks, and guarantees of a prompt recovery of the credit.

The banking executives consulted explained that credit granting decisions will be made according to the internal guidelines of each institution.

They assured that there will be no more "massive granting or wide-scale promotion" of credit cards, adding that credit cards will now be issued in a more selective manner because of the high risk they represent and the high interest rates to which they are subjected. From now on, they added, only revenue-producing credit cards will be issued, and these will only be given to those users who can establish their trustworthiness and economic solvency to avoid "delinquent accounts."

The sources acknowledged that some banks will have to wait until the market regains stability to make strategic associations they had planned for the purpose of acquiring shared or private credit cards, because these associations were the ones most negatively affected by the devaluation and the hike in interest rates.

The sources said that "although many banks will not admit this," credit austerity will result in an overall lack of financial assistance, because the evident absence of liquidity in many institutions will make it more difficult to obtain money.

Banxico's decision to reduce the credit ceiling implies for many banks and users a "belt tightening" for at least six consecutive months. This is designed to help the country pull itself out of the current crisis, even though, as the sources admitted, these measures represent a great sacrifice for credit users.

Executive Branch Proposes Amending 1995 Tax Law

PA2001163895 Mexico City EL FINANCIERO in Spanish 18 Jan 95 p 9

[Report by Victor Gonzalez]

[FBIS Translated Text] The federal government has requested Congressional approval to increase the net foreign debt in 1995 to $5 billion, which will no longer be calculated in pesos as originally approved, but in U.S.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

dollars. The federal government also requested approval to underwrite credits or issue government securities (tesobonos) [treasury bonds] equal to the total amount in circulation on the date when the Tax Law reform goes into effect.

This initiative, however, fails to mention the total amount of credits to be underwritten, and there are no references to the amount of debt scheduled to mature.

The executive branch's initiative was immediately criticized and rejected by the opposition because, according to PAN [National Action Party] and PRD [Party of the Democratic Revolution] legislators, "we cannot sign a blank check."

The proposal was even rejected by the Chamber of Deputies Programming and Planning Commission, as well as the Finance Commission. Both commissions claimed that the initiative "does not contain any figures." That was the excuse. The truth, however, is that the proposal caused confusion because up until yesterday, the total amount of foreign financial assistance needed to support all government securities about to mature was still unknown. So far it has been said that the amount equals $18 billion, yet not even the legislators themselves are sure of the real figures.

Therefore, it was only yesterday afternoon when the deputies and senators learned of the initiative to reform the Tax Law for fiscal 1995. In the measure, the government is proposing changes to the first and second paragraphs of Article 2 of the legislation.

In this respect, the government has requested that the loan amount approved this past December totalling 17.4944 billion new pesos be adapted to the plan to float our currency.

The government wants this figure to be changed to $5 billion, an amount equal to the initial estimate which, based on a different exchange rate, was submitted to Congress this past December.

The executive branch also requested approval to issue securities and underwrite obligations through the Secretariat of Finance and Public Credit in the national currency. This would permit the exchange or refinancing of federal loans with the objective of implementing monetary controls in accordance with the terms included in the General Public Debt Law.

The government insisted that, if approved, the exchange and refinancing operations that take place should not entail a net debt increase for the federal government but just the replacement of some of its obligations.

In learning of the initiative to reform the Tax Law, the opposition immediately expressed its doubts, because no mention has been made with respect to the amounts that would be used by the government to meet tesobono obligations.

Servicing of Domestic Debt To Increase

PA2001204795 Mexico City EL FINANCIERO in Spanish 19 Jan 95 p 7

[Report by Marcos Chavez M.]

[FBIS Translated Text] The cost of servicing the government's domestic debt will become the worst hemorrhage in its weakened finances, given the high credit level expected in 1995. According to estimates by the Bank of Mexico [Banxico] and the Finance and Public Credit Secretariat, this year the public sector is expected to spend nearly 40.2 billion new pesos—118.2 percent more than originally forecast—in interest payments on the domestic debt it accumulated through the issuance of securities and bonds. This figure does not include notes held by Banxico.

According to the economic plan drafted by former Finance Secretary Jaime Serra Puche, interest payments on outstanding official notes are estimated to be at least 18 billion new pesos. This figure will practically double based on the new interest rates. The interest the government will eventually have to pay was calculated based on government notes in circulation as of December 1994. These are CETES [treasury certificates], tesobonos [treasury bonds], federal government bonds, and ajustabonos [adjustable bonds]. These were distributed to the banking sector and local and foreign holding companies with a value, according to information supplied by Banxico, of 167.38 billion new pesos—29 percent greater in real terms than the closing figure for 1993. Final amounts due will depend on cash flows, on the one hand, and on the credit trend, on the other.

The larger interest payments will result from the approximately 118 percent increase expected in local credit figures, after the exchange rate devaluation and the reassessment of the government's economic policy objectives for 1995 are taken into account.

Disbursements, however, could be even greater, as brokers such as Lazard Freres or Warburg believe the government's interest rate estimates could fall short, as well as its inflation goals and exchange rate stabilization plans given the current disorder prevailing on international financial markets.

From this point of view, brokers foresee credit stabilizing at an annual average of 30-35 percent. If this proves right, the government's interest payments will total somewhere between 50 billion and 59 billion new pesos.

This would exert extreme pressure on the government's finances and force it to take measures to increase revenues or reshuffle budget allotments to meet its domestic debt obligations and prevent defaults.

Investors, especially foreign investors, have yet to ease their doubts about whether or not the Mexican Government will be capable of accumulating enough liquidity,

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

at least during the first quarter, to prevent insolvency, as West Merchant Bank financial analysts recently suggested.

According to official information, a preliminary assessment indicates that Mexico will have to pay 30 million new pesos in interest on its outstanding tesobonos alone, which is 16 billion new pesos more than originally called for in the previous economic plan, and this does not include Banxico notes, which total around 126.6 billion new pesos.

If credits increase according to brokers' predictions, payments could increase by more than 38 billion new pesos. This estimate is subject to change according to the outcome of additional revenue raising measures, as well as to the extent to which they will be accepted once the government presents them to tesobono holders within the coming days.

Secofi, Businessmen Hold Talks To Limit Price Hikes

PA2001193095 Mexico City EL FINANCIERO in Spanish 19 Jan 95 p 26

[Report by Leticia Rodriguez Lopez]

[FBIS Translated Text] The Commerce and Industrial Development Secretariat (Secofi) is holding talks with businessmen in an effort to prevent price increases from exceeding currency fluctuations, to minimize the effects of the devaluation on inflation, and to promote manufacturing and exports, including the export of agricultural products. These negotiations are designed to "ease the devaluation's impact on the economy."

After making this statement, Secofi Secretary Herminio Blanco Mendoza urged the country's productive sectors to sacrifice their profits and "contribute to the Agreement of Unity To Overcome the Economic Emergency (AUSEE)."

Secofi will comply fully with its corresponding obligations and place special emphasis on economic deregulation to help resolve the difficulties faced by productive sectors at the state and municipal levels.

Blanco Mendoza said the negotiations have made great progress in terms of regulating price increases to ensure that exchange rate fluctuations have the smallest possible effect on inflation. He also reported that negotiations intended to adjust prices on staples will conclude within the coming days.

During the meetings held with the country's various productive sectors, the significance of reducing the impact of the devaluation on inflation has become evident. Therefore, price increases should only reflect cost increases resulting from currency fluctuations.

Blanco Mendoza pledged to strengthen Secofi's work to promote industry and foreign trade to ensure that companies and agricultural producers can take advantage of the opportunities represented by the recent currency fluctuations and can become more competitive.

Yesterday, while chairing Secofi's Seniority Award—Worker's Day Ceremony, Blanco Mendoza reasserted that the peso's devaluation will make the country more competitive: We will be able to grow, increase exports, and generate jobs.

Meanwhile, the Office of the Federal Attorney for Consumers (Profeco) announced that 425 shops were closed nationwide in the past two days for not complying with the AUSEE and unjustifiably increasing the price of staples such as sugar, tortillas, milk, and oil. Profeco Director Fernando Lerdo de Tejada warned that any businesses involved in pricing irregularities will be treated with "a heavy hand." This does not mean, however, that there will be a witch-hunt.

Bank To Attempt To Sell Cetes, Tesobonos, Bondes

PA2001233295 Mexico City NOTIMEX in Spanish 2036 GMT 20 Jan 95

[FBIS Translated Text] Mexico City, 20 Jan (NOTIMEX)—The Bank of Mexico will try to sell 2.8 billion new pesos in Cetes [Treasury certificates], $400 million in Tesobonos [Treasury bonds], and 1.2 billion new pesos in Bondes [federal government development bonds] with local and foreign investors.

The Central Bank, in its convocation for the auction of Cetes on 17 January, reported it will offer $150 million worth of these instruments at 91 days maturity and an additional $100 million due to demand.

The bank stated the public auction of government securities will attempt to sell $100 million in Tesobonos with a 182-day maturity and $50 million at 364 days maturity.

On the auction of Cetes, to be held on 25 January, the bank stated it will offer 700 million new pesos at 28 days maturity. The bank also announced it will auction off 700 million new pesos at 91 days maturity and will try to assign similar amounts at 182 and 364 days maturity.

The bank also stated it will offer 600 million new pesos in Bondes at 364 days maturity and another 600 million new pesos at 728 days maturity.

Financial analysts believe postponing the vote at the U.S. Congress for approval of the financial package to aid Mexico could affect the behavior of interest rates in the next auction of government securities. Analysts do not believe the Bank of Mexico will be able to sell the total amount the bank offered in Cetes and Tesobonos to investors as in the previous auction.

During the previous auction of government securities, the Central Bank sold, for the first time since the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

devaluation of the peso, the total amount it put up for auction, $400 million in Tesobonos and 3 billion new pesos in Cetes.

The experts added that fear and mistrust have resurfaced among investors and that this has affected the stock market and the exchange rate, resulting in the rate being again at six new pesos per dollar.

Stock Market Drop Due to 'Anxiety' in Mexico, U.S.

PA2101191995 Mexico City XEW Television Network in Spanish 0430 GMT 21 Jan 95

[Report by Perez Stewart from the "24 Hours" newscast]

[FBIS Translated Text] For a third consecutive day, the Mexican stock market has registered unstable activity. From it opening, it registered susbtantial drops in the price of negotiated bonds. The fact that the stock market registered such drops and that the peso—the local currency—also suffered drops during today's activity is due to the prevailing anxiety in Mexico as well as in the United States because of difficulties regarding the U.S. Congress' approval of a $40 billion economic assistance package for the Zedillo administration.

We must recall that because of the lack of confidence among foreign investors, Mexico has suffered a capital flight of more than $10 billion, which has slashed the country's reserves and has prevented it from complying with its commitments abroad. The U.S. Government agreed to grant Mexico a $40 billion credit line so that the Mexican Government could use these resources to appease foreign investors and to give them the security that whatever they have invested here could be returned to them in dollars.

Pressures have also emerged in the United States. Everything seems to indicate that U.S. congressmen are waiting for the Mexican Government to approve those constitutional reforms that will enable a greater participation of society in the economy, for instance in such areas as railroads and telecommunications. By then, if the economic assistance package for Mexico is approved, a greater participation by private enterprises in the economy is expected, because this package could reduce burdensome government expenditures. As the bureaucracy decreases, so will public spending and taxes, and if taxes decrease, the population will have additional resources to buy, save, and invest in the country.

In 1994, company sales plummeted in Mexico because most of the population lacked enough funds to meet their needs. This happened as a result of a fall in the purchasing power of salaries. In 1995, as the inflation rate tripled and salaries increased only by 10 percent, Mexicans will also find it hard to meet their basic needs.

Government Secretariat Official Cited on Migration Policies

PA2001183695 Mexico City UNOMASUNO in Spanish 18 Jan 95 p 12

[FBIS Translated Text] Manuel Rodriguez Arriaga, the Government Secretariat's under secretary for population and migration services, stated during a meeting at the headquarters of the Baja California Regional Migration Commission that the government of President Ernesto Zedillo has begun a thorough review of migration policies to help it support national interests with greater efficiency. This will be done in a transparent manner.

Rodriguez also met with Baja California Governor Ernesto Ruffo Appel in Tijuana. They discussed the strengthening of cooperation among federal and state organizations on the migration issue.

Rodriguez stressed that migration policy must clearly enhance the security and integrity of our territory through efficient monitoring and control of emigration.

New regional delegate Gerardo Delgado Cruz and state migration officials also attended the meeting. Rodriguez emphasized that migration policy should contribute to Mexico's economic and social development and increase respect for the human and labor rights of Mexican migrants and those of foreigners.

Rodriguez Arriaga noted the need to evaluate and reform the structures and methods of the National Migration Institute and its offices nationwide. He also called for the restructuring of the staff to provide quality services with efficiency and honesty and to counter illegal migration.

The repercussions of migration to the United States and migration control measures were examined in separate meetings with representatives of Tijuana's business sector and state delegates from different secretariats.

Rodriguez noted that, in accordance with the instructions of Government Secretary Esteban Moctezuma, cooperation among institutions and between federal organizations, states, and municipalities was launched to tackle problems resulting from migration and to establish assistance programs for those migrants who need them.

He pointed out that the problems caused by illegal aliens require greater cooperation among international organizations, as well as understanding in relations among neighboring countries. He noted that respect for the rights of migrant workers and their families should be guaranteed, the requirements for the economic and social development of the international labor market should be acknowledged, and the scientific and judicial aspects of the issue carefully studied. Finally, he recognized the work done by Northern Border Association [Colegio de la Frontera Norte] headed by Jorge Bustamante. The under secretary also held a long meeting with the members of this organization.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Costa Rica

President Confirms Cuban Rafters Allowed Into Country

PA2001192395 Panama City Telemetro Television Network in Spanish 1730 GMT 20 Jan 95

[From the "Telemetro Reports" newscast]

[FBIS Translated Text] As the deadline approaches for Cuban rafters to be transferred from camps in Panama to Guantanamo, the situation seems to be growing increasingly serious. The rafters have asked third countries to receive them because they do not want to return to Guantanamo.

Costa Rican President Jose Maria Figueres has given Telemetro his opinion on this.

[Begin Figueres recording] We have adopted a policy reflecting Costa Rica's best traditions: It permits the reunification of Cuban families by allowing the arrival in Costa Rica of family members still in Cuba. We have made some progress on this within the past few months. [end recording]

Meanwhile, the United States and Panama are preparing for the transfer. The United States has sent more troops to Panama for the transfer of the Cubans to Guantanamo, Cuba.

El Salvador

President Departs for Costa Rica, To Discuss Economic Plan

PA2001171995 San Salvador Canal Doce Television in Spanish 0100 GMT 20 Jan 95

[From the "Up-to-Date" newscast]

[FBIS Translated Text] President Armando Calderon Sol today left for Costa Rica to present to his Central American colleagues the economic plan his administration wants to implement in El Salvador. The economic measures are still being negotiated with various domestic sectors and include proposed cuts in import duties, a fixed exchange rate for the colon, and the privatization of several state-owned enterprises. A value-added tax increase and several measures designed to modernize the state also are being study. Armando Calderon Sol is accompanied by Treasury Minister Manuel Enrique Hinds; Economy Minister Eduardo Zablah Touche; Central Bank President Roberto Orellana Milla; private presidential secretary Benjamin Setoni; and Colonel Jose Sidney Rendon, chief of the presidential staff.

ANEP Reacts to Plan

PA2301040995 San Salvador Canal Doce Television in Spanish 0100 GMT 20 Jan 95

[Report by Beatriz Belloso, from the "Up-to-Date" newscast]

[FBIS Translated Text] The National Association of Private Enterprise, ANEP, said that the economic plan the government intends to pursue is not appropriate at this moment because the national situation does not permit it. Even though the ANEP does not fully reject the economic plan, the entrepreneurs agree with other sectors who argue that compensatory measures should be adopted in order not to further weaken the poor sectors.

The private business sector hinted that Calderon Sol's economic plan will bring long-term benefits. But if implemented as it has been proposed, it could cause unemployment and reprisals at the regional level. As far as ANEP is concerned, before implementing the globalization of the economy, the country's production and economy should first be strengthened in order to be able to enter international markets.

[Begin ANEP president recording] It is a bad time to alter any macro-economic variables because of the country's current situation and because of the current stage of economic development. [end recording]

According to the business group, the government should begin by eliminating poverty, improving living conditions, and emerging from underdevelopment.

Luis Cardenal said that the plan does not include a schedule on when measures come into effect, an analysis of each sector, or a written schedule, which makes it seem like an outline. The business sector trusts that the government will listen to the sector's position so as not to affect those who are most vulnerable.

[Begin Cardenal recording] What is important at this time is to see how we comply and fulfill these requirements in order for this plan to be viable in the future. We believe that to try to implement this plan at this moment, without meeting these prerequisites and conditions, would produce greater negative effects than positive and would further delay the goals that the government and we share. [end recording]

The business sector says that the plan should be agreed upon with other area countries so that tariff reductions will not cause reprisals against the country's business sector. The ANEP president stressed that it is impossible to compete with the international market when there are places in the interior of the country without water, with one telephone line, and with bad roads. The business sector also says that it is not necessary to increase the VAT [Value added tax].

Peasants Express Doubts About Plan

PA2301031895 San Salvador Canal Doce Television in Spanish 0100 GMT 20 Jan 95

[Report by Beatriz Belloso, from the "Up-to-Date" newscast]

[FBIS Translated Text] The Democratic Peasant Alliance [ADC] leaders Eulogio Villalta said today that the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

government's economic plan only seeks to favor big investors and to exclude peasants from development. The peasant sector has serious doubts about the economic plan that the government will back. As far as the peasants are concerned, fixing the currency exchange rate benefits those who took their capital to the United States. Tariff reductions would cause unfair competition between national producers and importers and would increase unemployment and inflation.

[Begin Villalta recording] Our country is not in a condition to participate in the economic globalization processes that are being implemented here. What we do have is the operation of multinationals. The goal of the multinationals are all those free zones that are opening. [end recording]

It is important for peasants and small-scale agricultural producers to have their opinions heard and that they be included in the plan's consultations. They say that only the ideas of the ARENA [Nationalist Republican Alliance] party and big investors are being heard. According to ADC, this attitude could cause greater poverty in the country, whose population is mostly peasants.

[Begin Villalta recording] A policy that primarily promotes the country's productive development must be prepared, so when the country's productive sector is in good economic condition, it can discuss its participation in this type of economic globalization project. [end recording]

According to Eulogio Villalta, to favor foreign investment and promote areas such as assembly industries and tourism, like the government proposes, leaves the peasant sector unprotected. The sector fears that the plan will cause a further sinking of the economy and will concentrate riches in just a few hands, such as during the 1980's, which could generate movements similar to that in Chiapas, Mexico, and the peace process could suffer a setback.

Nicaragua

Indications of 'Mafia-Like' Organizations Detailed

PA2101042095 Managua LA PRENSA in Spanish 18 Jan 95 pp 1, 16

[Report by Roberto Orozco B.]

[FBIS Translated Text] Reliable sources have confirmed to LA PRENSA there are indications European mafia-like organizations, particularly Italian organizations, are operating and "laundering money" in Nicaragua through all sorts of financial institutions and, at least, one gambling house (casino).

These "indications" are based on a study of the "modus operandi" of one of these institutions, most of which "launder money" as such mafia-like groups as Cosa Nostra, Camorra, 'Ndrangheta, and the Sacra Corona Unita, among others.

A certain Italian newspaper reported two months ago that Central America has become a perfect "target" for the "laundering of dollars" coming from European drug trafficking, especially now that the attempts of the socialist trend to control the area have ceased and due to the "beheading" of the Colombian organization known as the Medellin Cartel, which controlled most of the American continent.

This situation has made the European mafia-like organizations turn their "head" on the Central Americans countries, where there is an incipient fight against international drug trafficking and little experience on detecting "money laundering" or "dollar laundering."

Panama was the first country that laundered money according to current statistics. This activity carried out by organized crime was first detected here in the mid-1970's. It was later detected in Costa Rica. More recently, it was detected in Guatemala and was detected in Nicaragua in the mid-1990's, now.

According to Rome newspaper reports, the Sicilian Mafia alone laundered between $3.5 billion-$6 billion in the early 1990's. This figure was estimated without taking into account the profits such groups as the Camorra and the 'Ndrangheta generate.

"Money laundering" or the "laundering of dollars" is an activity carried out by mafia bandits to "legalize" the proceeds of international drug trafficking or other illegal activities such as gunrunning.

This operation is one that requires a simple strategy and a complex process in which even financial or economic experts could be involved. In the simplest case, Nicaraguan money launderers contact one of their "drug couriers" to launder, for instance, $10,000 in a Managua casino during a seven-day period.

The "drug courier" arrives at a previously selected casino controlled by the mafia where he gambles the money with the intention of "losing it." The mafia-like structure did not lose the money, however; it simply legalized it by having "it rescued" from its illegal origin.

Concerning the difficult processing of "money laundering," the degree of the complexity of the mafia-like techniques has changed since they began carrying out this activity as part of the Sicilian culture although they have not reached the complex modalities of the Colombian cartels.

The Sicilian Mafia, for instance, is already using money laundering companies, which offer numerous services that are available to other national or foreign criminal organizations.

According to our source, this is what is now happening in Nicaragua, because independent companies that process

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the proceeds from criminal activities seemingly unrelated to these companies were created according to the information obtained by LA PRENSA.

The Italian media reported recently the processes of certain legal economic activities that are preferred by Italian criminals, who, in turn, reportedly would use Nicaragua.

These processes include the control of specific economic activities in some of the country's regions. It is important for these organizations to intervene in the most vulnerable sectors: the ones that have very good development prospects. In addition, they legally invest money acquired through most of their economic activities carried out abroad.

European drug traffickers trying to take "root" in Nicaragua prefer the following economic schemes: banking and nonbanking systems, the renting of property with an option to purchase them, invoicing, and trade companies.

This is the process preferred by European criminals in Latin America, especially in Nicaragua, because there are no laws controlling cash deposits and because "banking secrecy" sheathes the crime with an invulnerability impenetrable for authorities.

LA PRENSA tried early this morning to learn the opinions of the National Police on this activity, but National Police Chief Commander Fernando Caldera Azmitia was not in his office.

These indications, which experts on international drug trafficking policies and operations believe are "very likely," are getting stronger every day in our country, while the antidrug structure and the National Police remain weak to face these "modi operandi."

Panama

President Reiterates Cuban Rafters To Leave Before 6 Mar

PA2001170495 Panama City Circuito RPC Radio in Spanish 2300 GMT 19 Jan 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] Today, upon arriving in San Jose, Costa Rica, President Ernesto Perez Balladares reiterated that Cuban rafters will leave Panama before 6 March. The president told reporters at Juan Santamaria International Airport in San Jose that the rafters do not want to be in Panama, let alone refugee camps. They are hoping to go to Miami; this is why they left Cuba, he said.

Costa Rican reporters also wanted to know about the dismantling of a plot to kill President Perez Balladares. He responded that the situation is completely normal, that it was an isolated incident. He voiced his total confidence in the security and police corps that uncovered the plot in time and took appropriate action.

Rafter Support Group Denounces Transfer to Guantanamo

PA2201172695 Panama City LA PRENSA in Spanish 22 Jan 95 p 1A

[Report by Jose Otero]

[FBIS Translated Excerpt] Five Cuban "rafters" have escaped from a Safe Haven camp located on the banks of the Panama Canal, immediately prompting a general alert among Southern Command troops.

A press release states that the escape took place at 1500 on Friday [20 January] and that a search was immediately instituted by U.S. military personnel and that the Panamanian authorities were notified. [passage omitted on U.S. Southern Command press release on escaped rafters]

Meanwhile, the Panamanian-Cuban Coordinating Board for Humanitarian Aid to Cubans in Panama denounced the transfer to Guantanamo of the 7,400 Cubans "under detention" in Panama, arguing that this places the rafters in a state of "indefinite limbo without legal recourse or basic rights."

Hatuey Castro, the board's director general, announced that this position was originally reported at a news conference in Miami in which the Catholic Church participated along with the Panamanian Human Rights Commission, the Justice and Peace Commission, and four Panamanian legislators.

"We support the Cuban refugees detained in Panama and who oppose being repatriated against their will, because this is an open violation of international agreements on the human rights of refugees," the board stated. In a document issued by the board, U.S. President Bill Clinton is urged to overturn the decision of denying the Cuban rafters asylum in the United States.

The document also urged the U.S. Government to accept financial guarantees from relatives and friends of the refugees and from nongovernmental humanitarian organizations. They have offered to financially support those refugees granted entry to prevent them from becoming a financial burden on the public.

"As a consequence of the U.S. Government decision to repatriate the rafters to Guantanamo, a justified anxiety has been unleashed among these Cubans who are opposing the measure even at the expense of their own lives," the board concluded.

Minister Delivers Coup Investigation Report to Attorney General

PA2001221495 Panama City Circuito RPC Television in Spanish 2300 GMT 19 Jan 95

[Report by Mara Rivera from the "RPC Television News" newscast]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[FBIS Translated Text] This afternoon the minister of government and justice personally delivered to the attorney general the report on all the investigations into the coup plot.

The minister explained that the report he delivered contains the administrative investigations conducted within the National Police after it foiled the attack against President Ernesto Perez Balladares, which would have materialized on Friday, 13 January, at the opening of the Coffee and Flower Fair.

These investigations were reportedly supervised by a commission appointed by the executive. The commission discovered that 11 National Police members participated in the plot. The minister made it clear that it will be up to the Attorney General's Office to determine the involvement of civilians in this case. He also stressed that it is necessary to continue the investigation, because it is still not known if more people are involved.

[Begin recording] [Raul Montenegro, government and justice minister] That is why we are continuing the investigation, because it has not been completed.

[Unidentified reporter] Could new arrests be made?

[Montenegro] Yes, definitely. That will be up to the prosecutor conducting this investigation. We have contributed to the investigation by supplying the information we have so far. The report states that we recognize that part of the investigation needs to be done by the Attorney General's Office but notes that we have not concluded our investigation. We will continue the investigation because the danger to the president's life is not over.

This does not mean those who contributed, one way or another, to this failed plot against the president will stop their actions. [end recording]

The minister added that the report contains specific and concrete data on the foiled coup. The investigation to be conducted by the Attorney General's Office could last several months.

President Says National Police Director Will Not Be Removed

PA2101210395 Panama City Circuito RPC Television in Spanish 2300 GMT 19 Jan 95

[From the "RPC Television News" newscast; passages within quotation marks are recorded]

[FBIS Translated Text] The National Police board members will not be discharged, the president of the republic has said. Meanwhile, opposition members have predicted there will be changes in the National Police leadership.

The coup attempt uncovered by the security corps against President Ernesto Perez Balladares has taken a new course. The Legislative Assembly president has made statements requesting the resignation of National Police Director Oswaldo Fernandez.

[Legislative Assembly President Balbina Herrera] "There is a feeling something is not working right at the National Police. There are indications of mistreatment against civilians and there are indications there is corruption within the National Police.

"I have no particular interest in Oswaldo Fernandez. If he is a good official, he should remain in his post. However, if something does not work right at the National Police, its director must be held accountable."

Nevertheless, the position of the president of the republic is different.

[Perez Balladares] "I want to reiterate my confidence in the National Police and its general director. That is why I asked him to join me in this trip so there is no doubt this gentleman enjoys my absolute confidence."

Balbina Herrera explained her statements are personal and do not have the support of the president of the republic.

[Herrera] "The president of the republic does not ask for my opinion on any topic before making statements. He is very responsible and respectful of the opinion of Balbina Herrera as president of the legislative branch and legislator."

The president, in a few words, criticized the statements made by PRD [Democratic Revolutionary Party] legislators against the public force director.

[Perez Balladares] "They should mind their own business."

Perez Balladares warned that there are administrative investigations within the National Police, adding that if necessary, changes will be made at the end of the investigations.

The opposition has interpreted this controversy as a PRD attempt to rid itself of Oswaldo Fernandez.

[Bolivar Pariente, Arnulfist Party legislator] "This must be a new PRD move to dismiss an official in order to name someone who is loyal to them."

But that is not the end of it. The National Police director preferred not to comment on the issue, after stating it is a political situation in which the police should not intervene.

[National Police Director Oswaldo Fernandez] "The public force is run by the president of the republic through the minister of government of justice, and I will faithfully observe what they decide."

It should be pointed out that according to reliable sources, different studies are being made presently to assess the possibility of making changes in the National

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Police leadership. Some names have been mentioned, including that of former Supreme Court Justice Jerry Wilson.

Government Negotiating Restructuring of Foreign Debt

PA2101190195 Panama City LA ESTRELLA DE PANAMA in Spanish 19 Jan 95 p 1

[Report by Cristobal A. Chen]

[FBIS Translated Text] Guillermo Chapman, minister of planning and economic policy, disclosed yesterday that the government is negotiating the restructuring of its foreign debt, which amounts to more than 7.4 billion balboas.

Chapman stated that "we will ask for a considerable cut in the amount owed and an extension of the payback period" during the negotiations with International Financial Institutions (IFI) and private banks.

According to Chapman, the government's IFI creditors comprise the World Bank, the IMF, the Inter-American Development Bank, equipment and machinery suppliers, and commercial loans.

He explained that the government will pay its debt in accordance with the programs set forth by each financial institution, which may take from eight to 20 years, depending on the financing program.

According to Chapman, Panama is "credit-worthy by the IFI." He added that the Colon Free Zone buildings will not be sold in 1995, because "that does not constitute a valid alternative" to finance the state's budget.

In addition, Comptroller General Aristides Romero announced the central government's budget for 1994 ended with a surplus of 1.3 million balboas. He stated that the budget faced a deficit of 75 million balboas at the start of the administration of President Ernesto Perez Balladares. Romero noted "we adjusted the central budget in order to achieve a surplus."

Association Condemns Political Interference in ARI

PA2101034695 Panama City EL PANAMA AMERICA in Spanish 19 Jan 95 p 8A

[Communique issued by the Panamanian Association of Business Executives on 7 January in Panama City]

[FBIS Translated Text]

PANAMANIAN ASSOCIATION OF BUSINESS EXECUTIVES

COMMUNIQUE TO THE NATION

The Panamanian Association of Business Executives (APEDE), aware of its civic responsibility and in strict compliance with the demands of its Ethics and Statutes to maintain its vigilance over public matters and the good administration of the State and its dependencies, is obligated to raise its voice in warning over what is happening with the proposals to revise Law No. 5 creating the Interoceanic Region Authority (ARI), which are already known to the public, and to those proposals that the executive branch intends to introduce during special legislative sessions. Not only have the proprietors of that heritage not been consulted on these proposals, but they are unaware of them. These proposals concern the heritage which, for the first time and with the concurrence of all Panamanians, will be incorporated into the socioeconomic development of our nation.

Arguments for these changes have been made—such as the inoperativeness and inefficiency of the members of the Board of Directors—to justify the executive branch's interference in the ARI Board of Directors.

It is our obligation to defend the noninterference of party politics in the development and actions of the ARI.

We acknowledge and reproach the delay in completion of the General Plan for the use, conservation, and development of the Canal area to begin its implementation, but we do not believe the changes under discussion and those which will be introduced will improve the functioning of ARI.

APEDE, like other organizations, was consulted and had the opportunity to participate in the drafting and discussion of the law that created ARI. In this case, however, we view with suspicion the fact that no society or association has been consulted on these changes.

In the past we have seen the results of political interference in the reverted areas, which is why we raise our voice to warn all thoughtful and responsible Panamanians— government, productive forces, students, and all other active forces in the nation—not to make the same mistake with our future and that of future generations.

Issued in Panama City, 7 January 1995

PANAMANIAN ASSOCIATION OF BUSINESS EXECUTIVES

Ricardo E. Ortega C.

President, APEDE NATIONAL

Bona O. Beliz

President, Colon Chapter

Ernesto S. Selles

President, Azuero Chapter

Dalys D. Guerra

President, Cocle Chapter

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Argentina

Cavallo Urges Businessmen To Carry Out 'Export Drive'

PY2001204995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2358 GMT 19 Jan 95

[FBIS Translated Text] Buenos Aires, 19 Jan (NA)—Having warned that for the time being, credit possibilities on the international market are "closed," Economy Minister Domingo Cavallo urged businessmen to carry out an export drive "as a means to get financing."

The minister made these remarks during the first meeting of the year of the National Economic Council for Investment, Production, and Growth, which was attended by labor leaders and businessmen. Cavallo also advised the latter to try to enter into partnership with foreign companies.

Cavallo asserted that during 1995, the variable that should grow the most is exports, as in this way "the entire economy will be better off."

Also attending the meeting were Foreign Minister Guido Di Tella and Labor Minister Jose Armando Caro Figueroa, who announced that negotiations with the Argentine Industrial Union (UIA) and the CGT [General Confederation of Labor] on the amendment of the Collective Bargaining Law will start on 23 January.

In the course of the meeting Cavallo once again pressured governors to start undertaking a privatization process of provincial banks and public utility companies.

"If they do not privatize they will find it difficult to obtain financing, and they will not be able to pay salaries and pensions," he warned.

The economy minister said that it is "important" that investments in Argentina should continue, although he considered that the prospects for savings the world over "are at present either nil or negative."

He even pointed out that the lines of credit that some foreign banks had opened for Argentine companies are "being suspended."

Cavallo also forecast that it would be "difficult" for companies to place shares on the international market, at least for the time being.

"This does not mean that there will be no inflow of capital into the country in 1995," he stated, adding, however, that this inflow will stem from the investments made by foreign companies that have decided to establish subsidiaries in Argentina.

"More important still is the partnership between Argentine and foreign companies, because it will bring about capital investments," he underscored.

Cavallo called upon banks and financial establishments to back up companies that want to export, and asserted that "they will not be misled" if they also grant loans to companies that want to engage in the import trade.

The economy minister estimated that net foreign currency savings abroad will total $4.6 billion. He nonetheless urged entrepreneurs "to foster the speedy reestablishment of foreign investors' confidence" in Argentina.

Cavallo entreated companies to undertake an export revolution, alerting them that "the key" to secure financing "will be to sell abroad."

He said that small and medium-scale enterprises should also get involved in this export drive, and promised the support of the Foreign and Economy Ministries to help them achieve this end.

Cavallo announced that next week he will sign an agreement with U.S. Secretary of Commerce Ronald Brown by virtue of which a task group will be established to eliminate hindrances to bilateral trade between the two countries.

He recalled that Argentina has the third largest trade deficit with the United States following the United Kingdom and Australia, and deemed that "we have the right to request the dismantling of barriers to Argentine exports to the United States."

Cavallo further announced that in the course of this year "bureaucratic and tariff barriers with Brazil will be eliminated." He stated that "the conditions prevalent on the international market for our products" are favorable, "especially due to the increase in prices."

The economy minister even dared to predict that exports will grow by more than 25 percent in 1995 rather than by 20 percent, as he had announced two weeks ago.

He also corrected projections for exports of goods, which he had disclosed during a news conference before businessmen and bankers at the National Bank headquarters, estimating they will amount to $20 billion this year rather than $18.5 billion.

Foreign Minister Di Tella considered that Argentine exports should add up to $30 billion annually, and announced that 10 agencies will be established in the interior to support provinces' export policies.

Cavallo: Provinces Must Privatize Banks, Electricity Firms

PY2001154195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2359 GMT 19 Jan 95

[FBIS Translated Text] Buenos Aires, 19 Jan (NA) — Economy Minister Domingo Cavallo today warned governors that they must "inexorably" privatize provincial banks and electricity enterprises because if they do not do so, "they will not be able to pay the salaries of their employees, or pensions."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Cavallo made this warning just 24 hours before tomorrow's meeting of the cabinet with the governors of provinces that are in the hands of the Justicialist Party. The meeting will be held in the Olivos residence.

"The governors have realized that it is not easy to finance the deficit in their public accounts, and if they do not implement a privatization process, they will have trouble paying salaries," the minister stressed.

He recalled that during the past few years the provinces "continued financing excess expenditures with the sale of hydrocarbons royalty bonds or with credits that they obtained from the banks."

"Their financing channels were cut off with the Mexican crisis, and the value of the bonds fell through the floor," Cavallo said.

He stated that for this reason, and lacking possibilities of financing, "the provinces will have to inexorably resort to privatizations."

Referring specifically to Rio Negro Province, which is governed by Horacio Massaccesi, the Radical Civic Union's presidential candidate, Cavallo said that "the province will be obliged to respect national laws because it will not know how to overcome its deficit and indebtedness."

After reiterating his pressure regarding the privatization of the electricity enterprises of the provinces, Cavallo said that "several governors do not respect the framework of regulations that give the large consumers the right to directly purchase" electricity from the electricity enterprises.

PJ Governors Confirm 'Unconditional Support' for Government

PY2101013795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1941 GMT 20 Jan 95

[FBIS Translated Text] Buenos Ai[illegible]'0 Jan (NA)—On 20 January, Justicialist Party [PJ] go[illegible]nors confirmed their "unconditional" support for t[illegible]olicies implemented by the Menem administration, and agreed to ask their respective national deputies and provincial legislators to expedite the passing of the laws that the executive has requested in order to tackle "the second stage in the country's transformation."

This was reported by Interior Minister Carlos Corach in reading a press release after the meeting held between President Carlos Menem and PJ governors at the Olivos presidential residence on the morning of 20 January.

The head of state and Economy Minister Domingo Cavallo each made a speech on relations between the federal government and the provinces from a fiscal and financial standpoint, and urged governors to abide by the provisions of the Federal Fiscal Pact signed in 1993, which has so far been either totally or partially ignored.

During the meeting the governors were informed that the World Bank will approve a $300 million loan for Argentina to be earmarked for implementing the privatization of several provincial banks.

The following governors attended the meeting: Carlos Reutemann, from Santa Fe; Vicente Joga, from Formosa; Bernabe Arnaudo, from La Rioja; Nestor Kirchner, from Santa Cruz; Adolfo Rodriguez Saa, from San Luis; Oscar Perassi, from Jujuy; Rodolfo Gabrielli, from Mendoza; Ramon Puerta, from Misiones; Jorge Escoba, from San Juan; Mario Moine, from Entre Rios; and Esteban Dominas, the government minister from Santiago del Estero.

Buenos Aires Governor Eduardo Duhalde did not participate in the meeting, and was replaced by Vice Governor Rafael Roma. La Pampa Governor Ruben Marin did not attend, and neither did Tucuman Governor Ramon "Palito" Ortega, who both sent representatives instead.

The other representatives from the executive branch who took part in the meeting were: PJ vice presidential candidate Carlos Ruckauf, Health and Social Action Minister Alberto Mazza, Foreign Minister Guido Di Tella, Education Minister Jorge Rodriguez, Secretary General of the Presidency Eduardo Bauza, and Social Development Secretary Eduardo Amadeo.

The meeting began shortly after 0900 with an address by President Menem, who reviewed the economic problems that cropped up following the financial crisis triggered by the devaluation of the Mexican peso.

The head of state underscored the need to "deepen" restraint policies on government spending in the provinces, and suggested some lines of action that could be pursued.

To that effect, Menem recommended that governors eliminate their provinces' fiscal deficits, and demanded that they implement the guidelines established in the Fiscal Pact so as to expedite compliance with that pact.

The governors explained the difficulties confronting some provinces, especially with regard to tax collection.

Cavallo called upon governors to put their financial houses in order, and reiterated that the stamp duty had to be "repealed" before June.

Menem once again pleaded with governors to privatize public utility companies in the provinces and to transfer pension schemes to the federal government.

Having commented on the difficulties their provinces are going through, the governors confirmed their unconditional support for the socioeconomic policies the federal government is pursuing.

Governor Gabrielli labelled the meeting "very important," and said that "we must continue making efforts."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

He also explained that the provinces had pledged to "comply" with the guidelines of the Fiscal Pact "because agreements must be honored."

Governor Joga said that the governors had "similar" points of view with regard to the "cohesion" the PJ has in order to go ahead with the state reform.

Governor Moine requested the executive branch's "support" to make the changes to and restructuring of provinces a reality, because "up to now they had just been paying lip service" to the whole issue.

Governor Escobar stated that economic matters were discussed in the meeting, especially fiscal matters, adding that San Juan "must embark on an adjustment process."

He further stated that civil servants in San Juan have a "good" salary, and that this gives rise to "certain competition with the private sector."

"The average salary of a civil servant in San Juan is 900 pesos, whereas the average salary of civil servants in other provinces is 600 pesos," he said.

Central Bank President Discusses Financial Crisis

95SM0122A Buenos Aires CLARIN in Spanish 8 Jan 95 p 20

[Interview with Central Bank President Roque Fernandez by Alejandro Matvejczuk; date and place not given; first 10 paragraphs are CLARIN introduction]

[FBIS Translated Text] The head of the Central Bank, Roque Fernandez, explained the bank's strategy for dealing with the financial crisis triggered by the events in Mexico. He indicated that financial problems are being resolved promptly through transfers of deposit portfolios among private banks. He did not say, however, how many of them are having problems. He said that he does not yet know how the Extrader affair is going to turn out.

Central Bank Will Do Nothing To Lower Interest Rates

Roque Fernandez was particularly emphatic at one point in the interview. This was when he said: "There is no possibility of postponing the application of the Basel standards."

He was responding to the "fierce lobbying" by some banks that did not want the Central Bank to increase their minimum capital requirements as of 1 January.

The Basel standards are, in practice, a system for determining the minimum capital requirements of financial institutions. By means of these standards the Central Bank requires that such institutions maintain a volume of capital proportional to their deposits.

Minimum capital requirements for banks in Argentina were traditionally fixed amounts, larger for multipurpose banks and smaller for institutions that could not engage in certain transactions. This changed two years ago.

The Central Bank began to apply the Basel standards by increasing every semester the percentages that the banks must use to calculate their minimum capital.

A new level in this table was reached in January, and many bankers were understandably opposed to it, as they were forced to put up additional capital.

This jump in the capital requirement coincided with difficulties in the payment chain, which could be ascribed to the "Mexico effect." So, a rumor that the Central Bank would postpone the stiffer requirement began circulating through the financial system.

In this regard, Roque Fernandez gave assurances that wishful thinking is not in order: "The liquidity problems of some banks confirm to us that we were on the right track in demanding high reserve and capital requirements. What happened shows that attempting to maintain the soundness of the system was a precautionary measure. Therefore, we are not going to postpone the application of the Basel standards."

The Mexico effect caused two problems for Argentina's financial system. On the one hand, it boosted interest rates sky high. On the other, it created doubts about the solvency of certain financial institutions, thus causing them liquidity problems. Roque Fernandez, president of the Central Bank, could not confirm how many institutions are having trouble.

[Matvejczuk] What do you plan to do about interest rates?

[Fernandez] Rates fell significantly on Friday because the markets reconnected when we allowed the banks to guarantee each others' operations. So, without injecting money, we think that the problem has been solved.

[Matvejczuk] Do you think so? A rate of 18 percent, which our top banks were paying on Friday, is five times the inflation rate. Will the Central Bank do anything to lower this rate?

[Fernandez] No, absolutely nothing. We are simply going to grease the wheels to reestablish credit among banks; this will naturally reduce interest rates.

[Matvejczuk] The second problem of the Mexico effect was the emergence of doubts about the solvency of certain institutions. And this, on top of the suspension of payments by the Banco Extrader, disrupted the operations of many banks and forced the Central Bank to bail out some private banks.

[Fernandez] Yes, there were movements of deposits among banks, which caused temporary illiquidities in some of them and excess liquidities in others. To rectify these situations we talked with the banks to facilitate transfers of portfolios that were financed by these deposits, in other words, collateral, mortgages, loans guaranteed with joint participation, etc.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Matvejczuk] Exactly how many banks are having liquidity problems?

[Fernandez] That is hard to say, because the difficulties are being resolved quickly among the private banks through these portfolio transfers.

[Matvejczuk] You mentioned the bank bailout operation.

[Fernandez] Call it what you will. We did not give it a name. We did not even design the system. The arrangement was the result of our ongoing dialogue with the institutions that asked us about the procedures that they saw as necessary. So, naturally there emerged an effective system for facilitating transfers of funds within the system.

[Matvejczuk] To this end, some banks reportedly had their legal reserve requirements lowered. Is this true?

[Fernandez] There has been no reduction. What we did was to loosen up certain technical norms that were hampering portfolio transfers. No thought was ever given to a selective lowering of reserve requirements.

[Matvejczuk] So what is the Central Bank doing then to facilitate portfolio transfers?

[Fernandez] There is no rule. We analyze case by case. The situation of each bank requesting an exemption is taken under consideration. Some, for example, may ask to have the method of meeting their reserve requirement loosened up; others, some technical ratio, such as the limit on splitting credit risk. After the proposal is made, we assess it. We see whether it is reasonable and proceed accordingly. But this in no way means that one bank can have a lower reserve requirement than the others.

[Matvejczuk] When you ease your requirements for one bank, do you ask for anything in return?

[Fernandez] Two things. One: a commitment that the portfolio will be purchased at a rate of 16 percent or less a year. Two: the selling institution must have a chance to repurchase its documents (mortgages, collateral) at any time, paying the same rate as agreed upon for the sale.

[Matvejczuk] Why a fixed rate of 16 percent and not the call rate (which banks use for loans among themselves and which is currently higher)?

[Fernandez] Because when a portfolio is transferred, there is a high degree of certainty that the money will be recovered. Bank portfolios consist mainly of collateral, mortgages, along with some stocks and bonds and some loans guaranteed through joint participation. These are essentially sound portfolios, and thus 16 percent is a reasonable rate.

[Matvejczuk] Are there time limits on the repurchase of the portfolios when you loosen up on requirements?

[Fernandez] No. There are no time limits on the sales.

[Matvejczuk] Why were only five banks helped out?

[Fernandez] We began with fewer than five. Then we expanded to the five that you reported (Rio, Galicia, Citibank, Credito Argentino, and Frances). There are more than 10 today, and the number will rise gradually. It all depends on the banks' willingness to come and talk about these matters.

[Matvejczuk] If you clearly think that some regulations have to be loosened up to facilitate the purchase of portfolios, why don't you directly ease the requirements for the banks having liquidity trouble?

[Fernandez] I repeat: there is no fixed rule for loosening up. If a bank having liquidity troubles comes here and submits its request, we will consider it, to the extent that it is reasonable and does not entail solving an underlying economic problem. In other words, requirements can be eased both for banks that are buying and for banks that are selling their portfolios.

[Matvejczuk] In conclusion, in a few days the deadline will be up for the Banco Extrader to submit some sort of plan that will enable it to return its deposits. How is this case moving along?

[Fernandez] Work is being done on it. It is in the technical area, so nothing has reached me yet. My understanding is that there is nothing definite yet.

Stock Market President Cautions Investors Not to 'Panic'

PY2001175795 Buenos Aires TELAM in Spanish 1527 GMT 20 Jan 95

[FBIS Translated Text] Buenos Aires, 20 Jan (TELAM) — Julio Macchi, president of the Buenos Aires Stock Market, today recommended that the eventual drop in prices that could occur on the local market be taken calmly because he believes that the market continues to be influenced by the Mexican crisis.

"The drops in prices must be taken naturally; one must not panic like other times. We have to be very moderate, very prudent, because the outcome will depend on these factors," he told Radio Mitre.

Macchi insisted that the expectations of the local stock market operators "are strongly tied to what is happening externally," and it is his belief that this will continue "until international investors appreciate the difference between Argentina and Mexico."

Army Chief Interviewed on Past, Future of Military

PY2001232895 Buenos Aires CLARIN in Spanish 16 Jan 95 pp 6-7

[Interview with Lieutenant General Martin Balza, Army chief of staff, by Jorge Grecco at the Punta Mogotes resort in Mar del Plata; date not given]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[FBIS Translated Excerpt] [Grecco] Over the past 10 years the Army has suffered budget cuts, a reduction in the number of soldiers, and has been reduced to a minimum force. Have you ever considered the possibility of not having an Army in Argentina?

[Balza] No, no! I cannot conceive a country in today's society, in today's world, having the traits of our society, without an army. No, I cannot conceive of it.

[Grecco] What would happen if the Armed Forces were used as an adjustment variable for the purpose of balancing our economic figures?

[Balza] No one is dreaming about leaving the defense of our sovereignty in the hands of international organizations, as some people have occasionally suggested.

[Grecco] Do you think people consider it necessary to have an army?

[Balza] I think so. The Army has human and material resources that are at the service of the community; and the community is aware of this. Perhaps it would be easier to understand this than to think that an army is necessary because a war could erupt.

[Grecco] Do you think more in terms of war?

[Balza] I believe it is a question of promoting awareness of the fact that the Army, as part of the Armed Forces, is not meant to wage war but to prevent one. In order to be able to prevent war, the Army must have a deterrent power. If it has these means of deterrence, it will always be able to secure peace. This is not a trite phrase: We are soldiers of peace.

[Grecco] Are you going to study or discuss the possibility that the Army could participate in drug enforcement efforts?

[Balza] No, I absolutely do not believe that this subject should be discussed within the Army.

[Grecco] But what would the Army's position be if the government consults it on the subject?

[Balza] Well, I do not know what the future holds. Yet we must be mentally prepared to clearly understand the changes unfolding both in the international and regional contexts.

[Grecco] What do young officers think about what happened during the military government?

[Balza] Young officers think more in terms of the present and the future. Twenty years ago, these men were just babies. They did experience that period. It is necessary, however, for them to learn about the past. I would like to quote here an old Spanish saying: "He who chooses to ignore the past will be punished by seeing how it is repeated."

[Grecco] How do you view it?

[Balza] We have to analyze the past with utmost sincerity, without bias, and with a sense of self-criticism. We must mention the good things, to profit from them and to improve them. We must also point out the errors. Yet we must do all this with self- criticism, with rigorous self-criticism.

[Grecco] Do you believe that those errors will not be repeated?

[Balza] Yes, absolutely yes.

[Grecco] Not even errors involving the plotting of coups d'etat?

[Balza] Not even that kind of error. The Army underwent a major soul-searching effort. But our history shows that many of the things that we do not want repeated involved the whole of Argentine society. U.S. historian Robert Potash speaks in his books of civic- military coups; that is, military coups in the past were the making of both a society that allowed those coups and of an army that lent itself to carrying them out; it was the making of both. [passage omitted]

[Grecco] Despite the military complaints, Domingo Cavallo does not want to hear about increasing the defense budget. What do you think about his decision?

[Balza] The minister understands our situation and is aware of our being slighted in the budget. I believe that he undoubtedly appreciates the support of the Army and, obviously, of the Armed Forces in light of their efforts to reduce public spending.

[Grecco] Don't you believe you have been left aside?

[Balza] I flatly rule out the possibility—which has been mentioned some times—that any Economy Ministry official could be leaving the Armed Forces aside. Regarding our being slighted in the budget, I still harbor the hope that it will be changed in the future.

[Grecco] Will you get the money required to implement the voluntary military service program?

[Balza] Both the president of the Republic and the defense minister have stated that resources will be made available to achieve those objectives. I fully trust them.

[Grecco] Aren't you annoyed because your salary is so low?

[Balza] I play the role of something like a general manager of a company employing 50,000 people. This company consists only of national capital, but it has branches nationwide, as well as in the Antarctic, and it also has important representative offices abroad. In general terms, our property assets are worth more than 5 billion pesos. Apart from all that, and irrespective of how much I earn—everyone knows how much I earn—I am proud of being a soldier. [passage omitted]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Brazil's Lampreia Visits, Meets With Defense Minister, Menem

Discusses Security

PY2001200195 Buenos Aires TELAM in Spanish 1543 GMT 20 Jan 95

[FBIS Translated Text] Buenos Aires, 20 Jan (TELAM)--Brazilian Foreign Minister Luiz Palmeira Lampreia emphasized today that the border crossings with Argentina remain under strict control to prevent possible terrorist activities.

The Brazilian foreign minister noted: "Preventive measures on this issue concern our border control authorities, who are constantly exchanging information and assessments."

After meeting Defense Minister Oscar Camilion, the Brazilian foreign minister made it clear that, at any rate, "the border between Brazil and Argentina is very quiet, and there are no problems."

Lampreia emphasized that the existing problems "do not involve security, but bottlenecks on bridges and highways" caused by trucks following the implementation of Mercosur [Common Market of the South].

The Brazilian foreign minister emphasized: "Concerning security issues, we have a very good level of understanding with Argentina, and in the future the opportunities to enhance our ties will be increased."

Lampreia noted that during his meeting with the Argentine defense minister they discussed "issues of immediate interest, especially the UN peace missions in which the two nations are involved."

During the last day of his visit to Argentina, the Brazilian foreign minister emphasized that "it is possible that" the bilateral relationship between the two countries "has never been so constructive, open, and straightforward, and with so much positive energy."

Discussing "Operation Fraterno" and the missions between the two Armed Forces, which "will be pursued normally," Camilion explained: "The joint military maneuvers have recently expanded their maneuvering area."

The Argentine defense minister agreed with Lampreia in noting that "the review of security for the whole of Mercosur is still in its initial stages."

In conclusion, Camilion hoped that the budget cuts "will not damage" the appropriations earmarked for covering the joint maneuvers with the Brazilian Armed Forces.

Agree on Consultations System

PY2001202195 Buenos Aires TELAM in Spanish 2215 GMT 19 Jan 95

[FBIS Translated Text] Buenos Aires, 19 Jan (TELAM)--The Foreign Ministry has announced that Argentina and Brazil today agreed on a system of permanent consultations to establish common strategies on international policy issues.

This measure was established by Foreign Minister Guido Di Tella and his Brazilian counterpart, Luiz Felipe Lampreia, who held a 30-minute meeting with President Carlos Menem at the Olivos residence at noon today.

Government sources reported that Lampreia and the Argentine president reviewed the regional integration following the implementation of the Common Market of the South (Mercosur).

A Foreign Ministry source said: "The goal is to strengthen the special relationship between our two countries and extend it at an international level, for both economic and political issues."

The consultation mechanisms will include presidential meetings and periodical meetings between the foreign ministers and central bank presidents of the two countries.

The possibility of holding a joint meeting between the two presidents and their respective cabinets in Iguazu "as a symbol of the firm integration purpose that is motivating the two governments" was also considered, the source noted.

The ministers also exchanged opinions on the hemispheric situation after the Miami presidential summit, and reviewed the Mercosur operation two weeks after the implementation of the Customs Union.

Within the framework of his first official tour abroad, the Brazilian foreign minister arrived in Buenos Aires at noon today after he was inaugurated as Brazilian foreign minister on 1 January.

A government source confided that 30 minutes after his arrival the visitor was received at the Olivos residence by President Menem, who "emphasized the common stance taken by Argentina and Brazil with regard to the Mexican crisis."

Afterwards the Brazilian foreign minister was feted by Minister Di Tella with a luncheon at the Alvear Palace Hotel, and at 1800 the two ministers met again at the 14th floor of the Foreign Ministry. There they held a long working meeting. During their meeting they discussed a long agenda, including international and regional policy issues.

The Foreign Ministry source noted: "The current OAS situation and future prospects was one of the issues discussed."

The two foreign ministers also exchanged opinions on the Mexican crisis, the development of democracy in Paraguay, and the recent clashes reported on the border between Peru and Ecuador. Argentina and Brazil are the guarantors of the peace agreement signed between Peru and Ecuador in 1942.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The two foreign ministers also reviewed possible courses of action to favor the restoration of democracy in Cuba and political and economic development in Haiti.

Di Tella and Lampreia also discussed the situation in Europe and the Asia-Pacific region, and exchanged ideas on the composition of the World Trade Organization that will oversee compliance with the agreements reached in the Uruguay Round of the GATT talks.

The source added that the two foreign ministers also talked about the Antarctic treaty, the Paraguay-Parana waterway, the possibilities of physical integration within the River Plate basin system, and cultural exchange within Mercosur, among other points.

Holds News Conference, Departs

PY2101000195 Buenos Aires TELAM in Spanish 1934 GMT 20 Jan 95

[FBIS Translated Excerpt] Buenos Aires, 20 Jan (TELAM)—Brazilian Foreign Minister Luiz Palmeira Lampreia announced today that a mechanism of bilateral consultations between central banks would be established to harmonize the financial policies between his country and Argentina.

Lampreia held a news conference at the Brazilian Embassy at noon today and then left for his country from the military area of the metropolitan airport, thus concluding an official two-day visit to Buenos Aires.

"We will establish a system of consultations between the Central Banks," the Brazilian minister said. He emphasized that the implementation of Mercosur will prompt "an exponential growth of investments" in our region.

"We are very good friends with Economy Minister (Domingo) Cavallo," Lampreia noted. "When necessary, we talk over the telephone," he added.

Lampreia also confirmed his country's stance of nonintervention in the domestic affairs of other countries.

Asked about the situation in Cuba, Lampreia said: "Brazil has a long tradition of nonintervention, and we don't believe that we have to teach lessons to anyone." [passage omitted]

Bolivia

Peasant Leader Rejects U.S. Antinarcotics Role in Chapare

PY2101023295 La Paz PRESENCIA in Spanish 7 Jan 95 Section 2 p 1

[FBIS Translated Text] Potosi, 6 Jan (PRESENCIA)—Felix Santos, secretary general of the General Trade Union Confederation of Peasant Workers of Bolivia (CSUTCB), charged here today that the United States is seeking, through the Bolivian Government, to pay approximately $30,000 per hectare to coca growers in the Cochabamba tropical region in order to achieve its objective of forcing the eradication of coca crops.

Santos charged that emissaries from the Free Bolivia Movement have in recent weeks engaged in intensive campaigns "to buy" the consciences of Chapare peasants, and deceitfully persuade them that the $30,000 per hectare offer is quite advantageous, as in the future they would not have another chance like this one, as the eradication would then be "forcibly done" and at a lower cost.

Santos added that the Sanchez de Lozada administration "is lying" to the Bolivian people. He charged that on the one hand the Bolivian administration offers some advantages in exchange for its requests to the coca growers; while on the other it changes its wording in relation to the international community, before which it seeks to portray the coca growers as a dangerous force of armed rebels, as it did before the Paris Club, when it was trying to obtain a $1 billion loan precisely to finance the forcible eradication of coca crops.

Santos remarked that the zero option means, among other things, "annihilating" the Quechua and Aymara cultures, because the coca leaf has been the symbol for these native peoples for 1,000 years. He said: "For these reasons we are prepared to defend our rights in the face of the frequent U.S. trampling on them. In order to achieve its goals, the United States has gone so far as to involve the Supreme Court of Justice, creating an atmosphere of uneasiness within the country and making a bad image for Bolivia before the world community."

Santos alerted Chapare coca growers that in his opinion, the ultimate objective of the Pentagon, through the MNR [Nationalist Revolutionary Movement] administration, is to turn the Chapare region over to multinational companies and allow large foreign landowners to settle in the Cochabamba tropical region. He said that these landowners would later monopolize the planting and marketing of the coca leaf, in addition to exploiting other resources existing in the area, namely oil.

According to Santos, it has been confirmed that the road that will link Chile and Brazil will go through the Chapare region, and that the multinational companies would in no way want a segment of that road to pass through an area in which social conflicts may frequently arise. He added: "In view of this and for other reasons, we peasants will defend our right to use our land, because we would otherwise be leaving over 400,000 families without sustenance."

Brazil

Industry, Commerce Minister Discusses Exports, Trade Issues

PY2001171595 Rio de Janeiro O GLOBO in Portuguese 19 Jan 95 p 24

[Interview with Industry, Commerce and Tourism Minister Dorothea Werneck by reporters Silvia Faria and Eliane Oliveira; place and date not given]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[FBIS Translated Text] [O GLOBO] How can exports be increased without compromising the fine-tuning of the exchange policy?

[Werneck] This is the rule of the game. We will export more to import more. The only difference is that what is important now is the cash flow.

[O GLOBO] Can concern over the trade balance be put aside?

[Werneck] No, but we are not worried about whether imports will have to be reduced to even the trade balance. Currently, it is very clear that the trade balance is important, but only if the financial flow balance is considered at the same time.

[O GLOBO] Can anything else be done to stimulate exports?

[Werneck] We are beginning the second stage, which consists of reducing domestic costs. This has to be done by the companies—and this entails efforts to achieve competitiveness—and by the government, which has been attaching so much importance to discussions of the Brazil cost factor. These discussions include levying taxes on exports, labor cost, and a series of measures that I view collectively under the title of deregulation.

[O GLOBO] Has the government ever figured out the cost added to exports by bureaucratic measures?

[Werneck] What affects the cost of exports and imports is not only the amount of resources spent in the process, but also the time lost in it. Included in this cost is the problem of effectiveness of port services.

[O GLOBO] How will investment in the area be made?

[Werneck] The government has established the Special Secretariat for New Businesses Strategy, the main function of which is to identify solid groups' investment plans and to transform Brazil into one of their options.

[O GLOBO] What can the foreign investor find in Brazil that he cannot find in Mexico, for example?

[Werneck] We offer them enormous advantages. The Brazilian economy is much more competitive in terms of access to supplies, raw material, accessories, spare parts, and components. We have better entrepreneurs and much better enterprises.

[O GLOBO] How can we resume investment if some sectors have already exhausted their installed production capacity and the government does not have a penny?

[Werneck] Everything depends on partnership with the private sector. The days when the government was responsible for investing in production are gone.

[O GLOBO] Does the government plan to specialize in fighting dumping and subsidies?

[Werneck] We are planning to reorganize the Foreign Trade Secretariat to concentrate our efforts in this area.

[O GLOBO] What about the foreign trade agency you plan to establish?

[Werneck] We are still discussing it. The secretariat's first obligation would be to handle dumping and subsidies cases, and it would use the structure of the Funcex [Central Foundation for Foreign Trade Studies], which is a private foundation, to do that.

Finance Minister Outlines Balance of Payments Policy

PY2101011495 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jan 95 p B1

[FBIS Translated Text] Brasilia—Finance Minister Pedro Malan yesterday outlined the Brazilian balance of payments strategy for 1995. In a briefing session at the Senate Economic Affairs Committee, Malan said that the government's objective is to reduce the "megasurpluses" registered in recent years and to cause "a small deficit in current transactions," somewhere between 1 and 1.5 percent of the Gross Domestic Product [GDP]. He said: "We have never said that the government's policy would consist of promoting trade deficits."

According to Malan, "the government's position is clear: It will no longer seek to generate megasurpluses of up to $13 billion as it has been doing during the past 10 years." In his briefing to the senators, Malan added: "To contend that a policy of generating smaller surpluses is equivalent to accumulating trade deficits is absurd."

Malan reaffirmed that the Brazilian policy "is on the right track," but did not rule out the possibility of Brazil having to face the consequences of the Mexican crisis. In his opinion, to have a deficit in current accounts does not necessarily represent a problem.

Malan thus described as excellent the fact that Brazil registered a small deficit of 0.4 percent of GDP in 1994. He said: "It will be difficult to argue that this deficit cannot be financed." Despite emphasizing again the differences between Brazil and Mexico, Malan admitted that the government "has learned a lesson" from the crisis. He said: "An effort should be made to avoid the gradual increase of deficits in current accounts that are to be financed through resources available on a very short-term basis, which, for political or economic reasons, may cause an extremely volatile situation as far as exchange reserves are concerned."

Largest Budget Cuts Involve Two Dismantled Ministries

PY2101011895 Rio de Janeiro JORNAL DO BRASIL in Portuguese 20 Jan 95 p 2

[FBIS Translated Text] Budget cutbacks, which total 6.7 billion reals (R), have affected mainly the two ministries being dismantled by President Fernando Henrique Cardoso. The Regional Integration Ministry—currently

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

transformed into the Regional Affairs Secretariat and headed by Cicero Lucena of the Brazilian Democratic Mobilization Party, a cousin of Senator Humberto Lucena—lost 46.7 percent of its budget allocations, and has received only R2.4 billion of the previously earmarked R3.52 billion. A still more significant cutback—52.34 percent—has affected the Social Welfare Ministry, which has also been dismantled. Instead of the original R1.62 billion, it has been allocated R1.06 billion.

In the military area, only the Aeronautics Ministry suffered cutbacks, losing R194,400 of its original allocation. The Army and Navy Ministries were luckier; the previously allocated resources have been maintained.

While the Education Ministry will have 3.84 percent less in resources, those allocated to the Social Security Ministry were not reduced. The ministry can this year use all the resources previously allocated to it, which total R33.59 billion.

Among the state-owned companies, the one losing most resources was the Brazilian Telecommunications, Inc. group, which will count with but R317,055 for investment.

Mercosur Office To Open in Porto Alegre

PY2101000495 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 20 Jan 95

[Report by Joao Menoni in Porto Alegre]

[FBIS Translated Text] Foreign Minister Luiz Felipe Lampreia announced today in Porto Alegre that Itamaraty will open a permanent office in this city—the capital of Rio Grande do Sul State—to deal exclusively with matters pertaining to the Common Market of the South [Mercosur], which consists of Argentina, Brazil, Uruguay, and Paraguay.

Lampreia appointed diplomat Jorge Ribeiro to coordinate the Itamaraty office in Porto Alegre. The Rio Grande do Sul government will provide the required infrastructural facilities for its operations.

Lampreia added that Itamaraty is considering the possibility of opening similar offices in other Brazilian states.

Lampreia today ended a tour of Argentina, Uruguay, and Paraguay. He said the mood in these countries was one of great confidence in Brazil as a result of the stabilization of the Brazilian economy.

[Begin Lampreia recording, in progress] ...in the three countries, is one of great confidence that a democratic Brazil, that a Brazil led by President Fernando Henrique Cardoso, who was elected with massive support from Brazilian voters, will serve as the groundwork for the expansion of Mercosur. [end recording]

Lampreia also said that the main stumbling block in the way of promoting integration is the obsolete and faulty infrastructure existing among Mercosur countries. He described as essential the need to improve roads and to build a new bridge linking Brazil and Argentina.

Federal Police Seize Cocaine in Juiz de Fora

PY2101012895 Sao Paulo AGENCIA ESTADO in Portuguese 1807 GMT 20 Jan 95

[Report by Evaldo Magalhaes]

[FBIS Translated Text] Belo Horizonte, 20 Jan (AE)—Early this morning the Federal Police [PF] seized 30 kg of cocaine in Juiz de Fora (Minas Gerais State). According to Police Inspector Oswaldo Varela, the drugs—which had a high level of purity—were hidden in the chassis of a Fiat pickup truck with a license plate from the town of Dourados (Mato Grosso do Sul State). The drugs had been shaped into tablets and wrapped up in old newspapers and powdered coffee to hide their smell. The cocaine, valued at $1.7 million, had been brought from Santa Cruz de la Sierra, Bolivia, and was going to be taken to the Lyons, France, to be sold. The police arrested three men and a woman accused of belonging to an international gang.

Inspector Varela said that the PF intensified their pursuit of drug traffickers at the end of last year, when the Army began to occupy the Rio de Janeiro hill slums. He said: "Since the beginning of the 'Rio Operation' the PF has been discreetly investigating all Brazilians involved with drug trafficking in the country and abroad." Precious stones dealer Jose Maria Figueiro and his girlfriend Maria Auxiliadora Rocha were arrested in Juiz de Fora. The couple revealed that they were going to take the drugs to Rio de Janeiro, where they would board a plane to France "at the appropriate time." Businessmen Isidorio de Oliveira and Valentin Machado from Belem [Para State], who had brought the cocaine from Bolivia, were also arrested.

Chile

Lawyer Requests Townley's Extradition From U.S.

PY2001194595 Madrid EFE in Spanish 2013 GMT 18 Jan 95

[FBIS Translated Excerpt] Santiago, 18 Jan (EFE)—The accusing party's lawyer today filed a request before the Chilean Supreme Court for the extradition of U.S. citizen Michael Townley, a former agent of [former President Augusto] Pinochet's political police, on charges of involvement in the murder of Spanish United Nations diplomat Carmelo Soria.

Alfonso Insunza, the lawyer for the Soria family, said that the petition submitted to Judge Eleodor Ortiz, who is hearing the case, is based on the United Nations Convention on crimes against international officials. [passage omitted]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Insunza justified Townley's involvement on the grounds that he "authorized and permitted Carmelo Soria to be arrested and murdered in his own house, witnessing the murder without preventing it, a behavior that is classified as coprincipal involvement." [passage omitted]

Insunza today reiterated that the presence of Townley in Chile is important for confronting other people involved and for other proceedings.

He added that Townley enjoys U.S. protection only in the case of the murder of former Foreign Minister Orlando Letelier.

Carmelo Soria's daughter Carmen Soria explained that she and her family unsuccessfully tried to once again talk with Townley, for which reason the request for extradition was requested.

She added that the participation of DINA's [National Intelligence Directorate] Mulchen Brigade in the murder of her father has been confirmed, and that the only thing left for Judge Ortiz to do is to "indict them."

Carmen Soria believes that the Chilean Government should support the request for extradition, and said she will ask for audiences with the U.S. and Spanish ambassadors and with some congressional groups.

The case, which has had long and irregular proceedings, has been a source of particular concern for the United Nations and for the Spanish Government, which have demanded clarification of the case and identification of those involved.

Aninat Upholds 'Cautious' Policy, Examines Mexican Crisis

PY2001203995 Santiago EL MERCURIO in Spanish 12 Jan 95 p B7

[FBIS Translated Text] Finance Minister Eduardo Aninat, who returned to his office yesterday after a vacation, has urged the public not to let themselves be influenced by passing clouds or by external developments of limited impact. He made this remark when asked to comment on the impact of the Mexican economic situation on the local stock market.

Aninat clearly differentiated the Chilean model from the Mexican model by noting that Mexico had left its capital accounts completely open, with a fixed exchange rate at all times, which remained strongly dependent on the inflow of foreign capital to finance the deficit in the current accounts of the Mexican balance of payments. In recent years this deficit has jumped by more than five points of the Mexican Gross Domestic Product (GDP).

While the system worked, the Mexican banks attracted deposits, and Mexican treasury bonds were sold without problems on the international market, New York included.

Aninat noted, however, that the Mexican exchange and financial system entails serious risks when uncertain situations—such as the one that occurred in recent days—arise and institutional investors decide that that situation is no longer affordable from the financial standpoint.

Cautious Policy

Aninat took the occasion to justify the cautious position adopted by Chilean economic officials regarding greater leeway for the departure of capital abroad, which has been proposed by businessmen as a way to deal with the deterioration of the dollar rate as a result of the oversupply of dollars on the domestic market.

Aninat added: "We, as a country, are very calm, because our exchange system of capital accounts and financial services is quite different from that of Mexico. We consider it to be very positive that we Finance Ministry officials—who have been criticized for this policy in the past—and Central Bank officials have maintained a cautious, more prudent, and much more gradual policy. I believe this policy yielded good benefits at this time of crisis."

On 9 and 10 January the prices of the most widely negotiated Chilean stocks on the market fell by 2 and 4 percent respectively, following the trends prevailing in Mexico, Brazil, and Argentina.

The Bloomberg Report

Aninat said that the Chilean stock market has been primarily affected by the ADR's (American Depositary Receipts), which are papers representing stocks placed by Chilean companies in New York and are major components of the General Shares Price Index (IGPA) and the Selective Shares Price Index (IPSA).

The decline affected Latin American stocks in New York first—namely the stocks of Mexico, Brazil, and Argentina—and then the prices of all these other papers, Aninat said.

Most of the Chilean investments in Argentina are concentrated in real productive sectors such as electrical companies, which continue to operate and to implement investment plans. Thus, I cannot envisage any substantive or long term impact of the Mexican crisis here.

It is normal for stock markets to have both an inflow and outflow of investments, because no one maintains a portfolio all the time, and this results in major daily transactions.

Aninat mentioned that the international Bloomberg report, published two days before the Mexican crisis, placed Chile in third place in stock earnings among emerging markets in 1994, with an accrued variation of over 56 percent, to the point that the drops reported in recent days have been in reality just a reduction of profits.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Solid Economy

Argentine Economy Minister Domingo Cavallo went to the United States this week to meet with investors to explain the Argentine economic situation.

Aninat denied, however, any possibility of his travelling abroad to show investors with figures that the Chilean economy is different from that of Mexico.

He said: "It is absolutely unnecessary for any Chilean minister or economic official to travel abroad. First, because Chile is receiving more money than it actually needs, and second, because experts and specialists in financial business are well aware of our figures."

Commentary Examines Mexican Crisis

PY2001234795 Santiago EL MERCURIO in Spanish 14 Jan 95 p A2

[Commentary by Andres Benitez Pereira: "Lessons of a Crisis"]

[FBIS Translated Text] In 1982 Mexico declared a moratorium against the international financial community, a situation that marked the beginning of the foreign debt crisis in the region. Over the past few weeks the country has been facing new problems, a situation that, as in the past decade, is generating doubts about the economic solvency of Latin America as a whole.

There is a great difference, however, between the two crises. About the debt crisis we can say that Mexico was a good thermometer for diagnosing that the disease had spread throughout the region. In other words, it was an epidemic. It was thus no surprise that Chile, Argentina, Brazil, and many others were soon falling like dominoes.

This is precisely what should be avoided in the current crisis. The Mexican problem, although it is present in other countries of the region, is not a generalized ailment.

And the Chilean case is the most illustrative one. Our country is living through some of its best economic times. Contrary to Mexico, it has inflation under control, it is in no need of speculative foreign financial aid, it has a market exchange rate or an exchange rate determined by the market, it has accrued record reserves levels, and it shows a very high internal savings rate by Latin American standards.

Nevertheless, it is obvious that the solidity demonstrated by the Chilean economy in comparison to its neighbors has not been recognized over the past few days. Now there is talk that investors are putting Latin America into one "box," that is, that they make no distinction between countries. Under this framework, if Mexico has a crisis, the phenomenon is transferred to the entire region.

If the above were true, it is obvious that it would make no sense to differentiate between ourselves and other countries. Reality shows us the contrary, however. It is true that in the short term everyone is affected. It is the earthquake effect. When the tremor occurs everyone runs, regardless of whether the house is built on solid ground or not. But once the initial panic has passed, people return to see the state in which their houses were left, and whether it is appropriate to return to them or abandon them once and for all.

Well, the same thing happens with investors. During the peak of the crisis it is difficult to ask them to differentiate among countries. Everything looks like hell. But as calm returns they begin to seriously analyze the situation of each nation.

It is here that the one box theory is broken. We must take into account here that the market is no fool. It knows how to thoroughly look at and analyze the situations faced by the various economies.

This was already proven last year as a consequence of the Chiapas uprising and the Colosio assassination. In the beginning the Mexican crisis extended to the entire continent, but as the initial impact was overcome, the situation changed. The Chilean case was evident as it was the first country to return to selling shares on Wall Street, receiving record foreign investment, and obtaining excellent profit from stock exchange transactions during the year.

In this manner it is obvious that in 1994 the market did not punish Chile for what happened in Mexico. On the contrary, it has left it in a higher position in foreign investors' evaluation.

Some might think that what happened in 1994 is nothing when compared to the seriousness of current events, as Mexico seems to be collapsing more every day.

It is true that the current crisis is much more serious. However, this is no reason to be frightened, but rather to think that if things are done well, our country could obtain great profits from this situation.

According to reports coming from abroad, the current situation has generated doubts not only about Latin America, but about all emerging markets of the world. Investors feel deceived and promise to be much more selective in the future.

Well, this is great news for Chile. We should not be concerned over selectivity, because it is the only way to minimize the global effects of the crisis. It is a way to bar the one box theory.

Moreover, the fact that the crisis affects many countries also has its positive side, because it strengthens our position in the world market. It is obvious that investors cannot get out of all countries. They will have to look carefully where to invest their resources, and there should be no doubt that Chile will be successful in this test.

It is true that our country will be considered different sooner or later. It is just a matter of time. This does not mean that what we do is different, however. On the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

contrary, we must be more careful than ever about the signs we give to the international community, which will today assess each and every country with very critical eyes. Thus even the labor reform project proposed by the government could become a black mark, to the extent that investors begin to look at it, as will probably happen, as a step backwards in the way companies must be managed efficiently.

Finally, the impression that the current crisis is good news for Chile should not prevail. It is true that it gives us the chance to show that we are different, but it can also affect us in terms of our regional trade, which has gained great importance, and in the multiple investments of local companies in neighboring countries.

For this reason it is important to keep doing things well and to hope that the other countries will choose to walk on the right path.

Former Minister Renounces Membership in National Renewal Party

PY2101023695 Madrid EFE in Spanish 1930 GMT 20 Jan 95

[FBIS Translated Excerpt] Santiago, 20 Jan (EFE)—Francisco Javier Cuadra, former minister during the military regime, today renounced membership in the rightist National Renewal Party while Congress decides whether to press criminal charges against him for slander.

Cuadra, who also represented General Augusto Pinochet's regime (1973-1990) as ambassador to the Vatican, has refused to report the names of the congressmen he alleges are drug addicts and who can thus be blackmailed by drug traffickers.

According to Gabriel Valdes of the Christian Democratic Party, Cuadra's refusal to prove his charges made the Senate unanimously agree to file slander charges against him within the framework of the state security law. [passage omitted]

Editorial Sees No Reason To Resume Relations With Cuba

PY2101020295 Santiago EL MERCURIO in Spanish 4 Jan 95 p A3

[Editorial: "Relations With Cuba"]

[FBIS Translated Text] Remarks by high-ranking government officials indicate the approaching normalization of diplomatic relations with Cuba. The reports have provoked disagreements with the opposition, and no justification has been made for changing a policy that has been maintained by this administration and by the previous administrations of Presidents Frei, Pinochet, and Aylwin.

For practically 35 years Fidel Castro has maintained control of all power, and there are persistent reports that he continues to violate human rights and liberties. On the other hand, government officials have reported that foreign policy is a state matter, and that it goes beyond the interests of political parties. Support for democracy is thus one of the basic principles of the coalition's program. One should also recall Castroist support for terrorism and subversion. Finally, the Cuban crisis creates doubts about the advantages of earmarking resources and seeking rapprochement with a regime that has been isolated by other nations, is experiencing serious economic insolvency, and is the object of growing internal resistance. The opposition has put forth these reasons and the official contradictions as arguments.

There has been continuous pressure to formalize relations with Fidel Castro. The Socialist and Communist Parties are adamant in this mission, which accords with ideological commitments and affinities that have already been overcome in the rest of the world. Moreover, the government does not show any clear desire to resist those aspirations. The first step in this regard was achieved with the opening up of a consulate general in Havana. Other measures of cooperation were also adopted at that time, such as abandoning the exiles at that consulate and extending financial credits from the State Bank for bilateral trade. Surprisingly these demands have met with success since the return to democracy, while the Cuban Government has been weakening, and is the object of evident abandonment by the community of nations.

The reestablishment of relations with Cuba has one single beneficiary: Castro. With this announcement he can show that stagnation, repression, and failure in leadership are no obstacles to improving his ties with other democratic states. And looking at it from the opposite side, dissidents will receive a discouraging signal in their struggle for a state of law at a decisive moment.

Disagreement with the idea of resuming diplomatic relations does not mean supporting the sanctions against Cuba. These measures, maintained for over three decades, have proven to be self-defeating, ineffective, and harmful to human rights. The measures have also served to increase nationalism, unity, and occasionally to justify extraordinary decrees representing an attack against human liberties. Particularly unsuitable are the arrests of refugees and the prohibition against sending aid and money decreed by President Clinton. The inflow of currency not only relieves the sufferings of the beneficiaries, but also breaks the monetary controls imposed by force. The protection of refugees who are trying to escape en masse is a legitimate repudiation of governments that forcefully keep their populations within their territories, favors change, and serves as testimony against the ill will they are experiencing.

The resumption of relations with the Castro regime seems inopportune, unsuitable, and contrary to the government's international principles. Besides, it lacks solid

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

foundations, and creates disagreements over a matter of state. Thus, as long as conditions are not changed in Cuba, it is valid to reject the political pressures to tighten relations with that dictatorship.

Colombia

President Creates Commission To Assess Surrender Policy

PA2101210295 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 19 Jan 95

[From the "National Newscast"]

[FBIS Translated Text] President Ernesto Samper installed a few minutes ago the commission that will be tasked with evaluating the surrender to justice policy. In 45 days, the commission will present a report to the public.

The president installed this commission on the basis of reestablishing the principle that punishment should fit the crime and that the granting of benefits corresponds to effective cooperation with justice. It will be comprised of the justice minister, prosecutor general, the attorney general, and the presidents of the Supreme Court of Justice and the Superior Council of the Judicature.

[Begin Samper recording] The sentence reduction and benefits are not rights of the accused but state concessions granted in exchange for effective cooperation with justice and provided there are clear benefits to society. [end recording]

In the meantime, the president announced that severe measures regarding prison security will be implemented in the next few days.

Without including the extradition issue, the commission will present its findings in one and a half months.

Vice President, Cuba's Lage Review Trade Relations

PA2301043095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 22 Jan 95

[From the "AM/PM Newscast"]

[FBIS Translated Text] The first-year balance for commercial exchange between Colombia and Cuba was positive, said Cuban Carlos Lage, vice president of the Council of State and Colombian Vice President Humberto De la Calle. They reviewed trade relations between the two countries in Cartagena, Bolivar Department, today. Tourism and commerce have shown a noticeable increase in the two countries. The two leaders did not deny that Colombian companies may invest in Cuba.

[Begin recording] [Lage] Colombian companies that have shown interest in investing in Cuba are currently involved in a process of negotiating and learning about the country, the market, the characteristics of Cuban foreign investment legislation.

[De la Calle] We feel this is useful for the two countries and falls within the current process in Colombia of globalizing its economy. [end recording]

The study of relations is continuing at the illustrious guests' house with President Ernesto Samper Pizano in attendance.

New Guerrilla Group, Split From ELN, Revealed

PA2101222795 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1800 GMT 20 Jan 95

[From the "National Newscast"]

[FBIS Translated Text] According to the Army and the Prosecutor General's Office, a new guerrilla group known as the Bolivarian Integration Forces [Fuerzas de Integracion Bolivarianas] is operating in the Magdalena region. The group is reportedly a dissident splinter of the Army of National Liberation [ELN].

[Begin recording] [Colonel Edgar Gutierrez, Cordoba Battalion commander] We are basing this report on intelligence which indicates that it is a dissident group of the socialist wing of the ELN. The group also disagrees with the traditional discourse or platform of the Camilist Union of the ELN. The group is made up of about 50 individuals operating in Atlantico and Magdalena Departments.

[Edgar Villamizar, Prosecutor General's Office section chief] Apparently this is a new group. We do not know for sure if it is a splinter of another known guerrilla group in the region. [end recording]

Although the Bolivarian Integration Forces have not gone public with any significant terrorist action, authorities were able to confirm their presence following the discovery of a large amount of materiel and weapons, particularly the organization's letterhead. The Prosecutor General's Office and the Army seized the material in a low-income neighborhood in Sinan Municipality, Magdalena Department. It was also learned that the Forces oppose plans by the Simon Bolivar National Guerrilla Coordinating Board to hold peace talks with the government.

Guerrillas Attack Oil Pipelines, Spill 10,000 Barrels

PA2201043395 Hamburg DPA in Spanish 1549 GMT 21 Jan 95

[FBIS Translated Text] Santa Fe de Bogota, 21 Jan (DPA)—Police sources reported today in Santa Fe de Bogota that members of the Simon Bolivar Guerrilla Coordinating Board (CGSB) dynamited two oil pipelines, causing serious environmental damage. The first attack was against the oil pipeline linking Cano Limon (to the east) and Puerto Covenas in the Caribbean.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

It was later reported that another explosion destroyed a section of pipeline between the towns of La Hormiga and Orito, Putumayo Department, located in southern Colombia near the border with Ecuador.

Colonel Hector Bohorquez, chief of the Police Operations Integrated Center, said the attack on the Cano Limon-Covenas oil pipeline took place at the town of El Carmen, Norte de Santander Department, which borders Venezuela.

The dynamite caused considerable damage to the pipeline, a crude oil spill, and the temporary suspension of pumping. Sources at the state-owned Colombian Petroleum Enterprise (Ecopetrol) reported that certain creeks in the area were contaminated.

The second attack by the CGSB took place outside La Hormiga, a small town recently shaken by a peasant strike that prompted violence and destroyed major oil installations.

According to Col. Bohorquez, this explosion triggered the spill of 10,000 barrels of oil which contaminated some creeks causing an environmental emergency that Ecopetrol workers are now controlling.

The officer said the two attacks were possibly carried out by the pro-Cuban Army of National Liberation (ELN), a CGSB member that has waged a "war" against Colombia's energy and oil infrastructure for a decade.

On average, the rebels attack oil pipelines and other hydrocarbon installations 300 times per year, causing extensive property damage and hindering the fuel supply.

Businessmen Call G-3 Trade Pact 'Ineffective'

PA2301015895 Paris AFP in Spanish 1853 GMT 22 Jan 95

[FBIS Translated Text] Bogota, 22 Jan (AFP)— The National Association of Industrialists (ANDI) has complained that the Group of Three (G-3) trade pact was proving to be ineffective for Colombian businessmen because of the economic situation affecting Colombian partners in Mexico and Venezuela.

ANDI President Carlos Angel Arango made that remark to Medellin newspaper EL COLOMBIANO. He stressed that implementation of the agreement, which has has been in effect since 1 January, has begun although exchange safeguard clauses have not been established.

Arango added that for the time being, the only alternative is to continue negotiating and selling. "If we find, however, that the G-3 deal is bad, we are going to dismantle it."

The ANDI leader complained about the little reciprocity Colombian manufacturers have received in Mexico and Venezuela, "while we in Colombia welcomed them with open arms and handed our market over to them."

By way of example, he cited the disadvantage Colombia's industries face in the field of lubricants. This product cannot be sold in Venezuela because of a state-imposed protection, but Colombia does not protect its industry and opens its market to all kinds of products.

The business leader noted that Venezuela "still owes us money for exports from last May. They keep telling us they are going to pay us and we see nothing, while the devaluation process continues."

He also complained that until 12 months ago, Mexico was the country that set the example, but everything is crumbling now as a result of a handling of the economy that was not as orthodox as some thought, and "it is crumbling at the moment when Colombia is becomihng its trade partner."

Angel Arango was confident, nonetheless, that the Mexican economy will become stable and that the inflation to be generated by the devaluation "will even things out in the medium term."

Ecuador

President To Attend Andean Summit Despite Illness

PA2301031195 Hamburg DPA in Spanish 2231 GMT 21 Jan 95

[FBIS Translated Text] Quito, 21 Jan (DPA)—Having apparently recovered from his back ailments, which have seriously affected him since the latter part of 1994, Ecuadoran President Sixto Duran-Ballen announced today that he will attend the Andean Summit in Venezuela on 2 February commemorating the anniversary of Antonio Jose de Sucre's birth.

The presidents are not expected to make important political decisions at the summit, however, the presidents of Bolivia, Colombia, Ecuador, Peru, and Venezuela are scheduled to sign the Cumana Declaration at the event. The two-day meeting will be held in Cumana. This is the home town of Marshall Antonio Jose de Sucre, who was Liberator Simon Bolivar's main deputy and the hero of several battles that were decisive in the independence of this region in America.

Another Andean Summit is scheduled to be held at the Ecuadoran city of Cuenca, 450 km south of Quito, next June. The objective of this summit is to establish the new political drive for the Andean Pact, which was initiated in 1969. The region is currently furthering efforts to revitalize this pact and has implemented the first common regional custom tariff this year.

Due to Duran-Ballen's unstable health situation, his attendance at the Cumana Summit was uncertain. The president, 73, has had his back operated on twice in 20 months and this has hindered his activities and has

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

forced him to cancel a number of domestic and international trips. Today, however, he confirmed his 48-hour trip to Venezuela, which is to start on Wednesday, 1 February.

Contracts Expand Oil Refinery, Well Exploitation

PA2101210495 Quito Voz de los Andes in Spanish 1200 GMT 19 Jan 95

[From the "Voz Andes Newscast"]

[FBIS Translated Text] The Ecuadoran Government will sign a contract to expand the Esmeraldas refinery plant. President Sixto Duran-Ballen said that the contract includes all guarantees needed to ensure the expansion work will be thorough.

[Begin Duran-Ballen recording] This is does not only involve the physical expansion of the refinery. Work also includes upgrading the plant's current procedures to the latest available technology thereby making oil exploitation and exportation much easier at the Esmeraldas port. This is yet another demonstration of the activity we have initiated within the energy field. [end recording]

Ecuadoran State Petroleum Enterprise will define the conditions under which the oil pipelines will operate. The line will be expanded during the following months. Experts believe the state's participation should be 30 percent of profits, not 40 percent of profits and gains, as proposed by former Energy Minister Gustavo Galindo. There is no initial date for the contractor to take control of the pipeline, which will be expanded shortly.

The Sixto Duran-Ballen administration signed the first oil exploration and exploitation agreement with one of the consortiums selected during the seventh round of bidding. The contract grants oil drilling and extraction rights within the Ecuadoran Amazon. The signing allows the entry of foreign capital into the energy industry. Energy and Mines Minister Galo Abril called the contract the beginning of a new phase in the oil industry's development in the areas of hydrocarbon exploration and production.

Peru

Judge Finds Army Officers Guilty of Drug Trafficking

PY2001183595 Madrid EFE in Spanish 1829 GMT 19 Jan 95

[FBIS Translated Text] Lima, 19 Jan (EFE)—It was reported in judicial circles today that a Lima judge found a general and two officers of the Army guilty of drug trafficking in connection with drug trafficker Demetrio Chavez Penaherrera, aka "Vaticano."

Judge Janeth Oyarce of the 42d Criminal Court of Lima ruled that General Jaime Rios Araico, retired, former commander of the Huallaga Political-Military Command in the northern Peruvian jungle region from 1991 to 1992, is responsible for sending cocaine to Colombia from Peruvian airfields under military control.

Judge Oyarce also found Commander Enrique Rodriguez and Captain Mariano Vizcarra, who have been discharged from the Army, guilty of drug trafficking.

Judge Oyarce also ruled that General Eduardo Bellido Mora, who is the Peruvian military attache in Israel, must testify because he was the chief of the Huallaga Political-Military Command in 1993, when drug trafficker "Vaticano" was still operating in that region.

Penaherrera was arrested in February 1994 in Cali, Colombia, and transferred immediately to Peru, where he was charged with drug trafficking and association with terrorism.

The weekly CARETAS refers in its latest edition to the recent seizure of more than three metric tonnes of pure cocaine in a warehouse outside Piura, 1,000 km north of Lima.

After the cocaine was seized, the police arrested Tito Lopez Paredes in Tarapoto, and car race driver Manuel Lopez Paredes in Trujillo, 550 km north of Lima. The latter is the head of the Los Nortenos drug trafficking gang and the owner of the seized cocaine.

CARETAS says that the Lopez Paredes gang has been involved in drug trafficking for the last eight years and that it is surprising that "only now they have been arrested."

CARETAS says the reason for this is that "they were able to buy judges and government officials."

The Lopez Paredes gang also includes Jorge Lopez Paredes, who is in Mexico and who, according to the police, heads the organization. Manuel Lopez Paredes was the chemist and Tito Lopez Paredes was in charge of logistics.

The fortune of the Lopez Paredes family is estimated at $250 million, which was used to establish several legal companies that served as a facade for their actual drug trafficking activities.

The possible connection of the Lopez Paredes family is now being disclosed thanks to an material given to Channel 9 television by Jose Mendiola Salgado, a close aide of the Lopez Paredes family who is currently under arrest.

CARETAS also says that among the names or telephone numbers found in the gang's material is that of Government Ministry Under Secretary Edgar Solis, who said "he had no permission to talk." Officials have not yet reacted to this comment.

The material also includes the telephone number of General Manuel Ortiz Lucero; it is his office phone in the Armed Forces Joint Command. General Ortiz is also keeping silent.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The material also has the telephone number of General Ortiz' sister, Ada Ortiz, who was a congressional candidate for the Renewal Movement and who withdrew her candidacy when the content of the material was disclosed.

Two other congressional candidates whose names appeared in the material, Elmer Evangelista of the New Peru Movement and Jaime Ridoutt of the Reformist Party, have also withdrawn their candidacy.

Ridoutt went to the antidrug police to clarify his alleged relationship with the Lopez Paredes family.

The Channel 2 television station reported on 18 January that General Eenrique Torrico, chief of the Fourth Military Region, admitted knowing Manuel Lopez Paredes, but said he has not seen him since 1981.

It was also learned today that the National Police ordered that a major and a noncommissioned officer be investigated for their alleged relationship with the Los Nortenos gang, which is now under investigation by 16 prosecutors.

One of the cattle ranches of the Lopez Paredes family in Tarapoto was looted and some animals were stolen.

Government Begins 'All-Out War' Against Drug Trafficking

PY2301105395 Lima EL PERUANO in Spanish 13 Jan 95 p A3

[FBIS Translated Text] President Alberto Fujimori last night reported that after the success achieved in the antisubversive fight, the government has begun a head-on war against drug trafficking. He described the seizure of 3,242 kg of highly pure cocaine hydrochloride, and the arrest of an important ring of traffickers by the National Police Antidrug Division (Dinandro) in Piura, as a heavy blow against drug trafficking.

"This is categorical proof that the Peruvian state is effectively fighting drugs with all means at hand," the president said.

He explained further that after the blows imposed on terrorism, the national police and the Armed Forces will now conduct an all-out war against drug trafficking.

He said that the government has ordered a number of measures in its fight against narcotics, proof of which are the results that are being obtained: the arrest of an important gang of traffickers, and the seizure of over 3,000 kg of cocaine hydrochloride.

He said that four weeks ago Air Force planes resumed the inspection and dragnet operations in the Upper Huallaga to detect the presence of planes carrying the drugs.

President Fujimori said that the fact that highly pure cocaine hydrochloride is being manufactured in amounts over 3,000 kg means that the forces of order must be in a state of alert, as this implies the existence of sophisticated laboratories.

He concluded by saying that the Antidrug Police are operating not only in the Upper Huallaga but in various places throughout the country, as the objective is to detect the traffickers' routes and their system of operations for selling the drugs.

Antarctic Expedition To Use New Radar Technology

PY2301131595 Lima EL COMERCIO in Spanish 11 Jan 95 p A9

[FBIS Translated Excerpt] The sixth Peruvian expedition to the Antarctic left yesterday with the purpose of implementing the latest technologies in handling the MST radar installed at the Peruvian 'Machu Picchu' base.

According to Ronald Woodman Pollit, scientific director of the expedition, the expedition members will expand the studies initiated by Peruvian scientists with the discovery of the presence of ozone in the Antarctic at an altitude of between 80 and 90 kilometers.

"We have reached the conclusion what happens at the North Pole also happens in the south, although in a weaker manner. We were the first to realize this phenomenon," Woodman Pollit said.

Concerning the radar, he praised the joint efforts being made by the Peruvian Navy Hydrography and Navigation Directorate, Piura University, and the Jicamarca Observatory of the Geophysical Institute of Peru.

He explained that the same instruments will be used to conduct oceanographic studies and try to measure sea currents in Almirantazgo Bay. "It will be the first time these studies are done by using radar techniques," he said.

He added that Peruvian scientists will be the first in the Antarctic to study velocity in the movement of icebergs. [passage omitted]

Article Examines Reasons for Mexican Crisis

Lima CARETAS in Spanish 12 January 1995 pp 46-47

[Article by "eminent Mexican analyst" Jorge Castaneda]

[FBIS Translated Text] When Chairman Mao stated that "politics are in command" it had a double meaning. In the first place, his statement was an order: That is how Chinese Communists had to conduct themselves. In the second place, it was a theory: The fact was that politics ruled. If the economy takes revenge, politics rule. This is the first lesson to be learned from the new heavy devaluation of the Mexican currency that has jolted the country, and the political and economic crisis that has ensued.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Politics ruled in 1994 in three ways: one, by imposing an eloquent veil of silence over the election campaign; two, by being the true reason for not implementing a devaluation earlier; and three, by bringing to power a government team that refuses to admit that to govern usually means to choose. Let us view the campaign first.

Undoubtedly all Mexicans and foreign investors alike were completely taken by surprise by this inopportune devaluation, and its magnitude. One of the reasons for this unawareness is due precisely to an event attributed to public opinion and to the presidential contenders who campaigned during the first eight months of 1994: Basic national issues were overlooked while public attention was centered on the electoral procedure. Except for some (justified) charges raised by Cuauhtemoc Cardenas against the government that the peso was overvalued, none of the candidates discussed the exchange rate issue. Moreover, neither political parties, the press, nor columnists insisted on this issue either, despite the fact that according to some foreign analysts this was the single most important Mexican economic issue. Neither the imminence, dimension, nor possible effects of a devaluation were ever discussed with voters. It suffices to say that this silence also impeded Mexicans from becoming fully aware of the so-called "trade-off": to devalue or be stagnant; to devalue on time or be left without reserves; to devalue a little and soon, or late and a lot. Therefore, when a necessary, unavoidable, and even desirable measure had to be adopted, general confusion prevailed. An extensive national discussion of the real exchange rate would not have avoided devaluation; it might have even accelerated it. Nevetheless, it would have avoided discontent and a feeling of deceit.

Moreover, we have to view the political reasons for the current debacle. I see three political explanations for the current crisis affecting the country. The first, perhaps the least important one of the three, is of a foreign nature. In view of the difficulties faced and commitments made by U.S. President Clinton and Mexican President Salinas de Gortari before the U.S. Congress in order to obtain approval of NAFTA, it was simply impossible to implement a devaluation in the months following its approval. A decision of that kind would have confirmed the worst of suspicions and the ill-intentioned suggestions of NAFTA detractors: Mexico would implement a small devaluation shortly after the treaty was signed. Those who tried to convince U.S. congressmen that a devaluation would indeed be implemented, not "to steal U.S. jobs" but because an adjustment was imperative and not postponable, were not heard. Salinas' hands were tied at least until mid-year: To devalue was tantamount to betraying the commitments made.

The second political factor: To a large extent the PRI [Institutional Revolutionary Party] was able to win over the Mexican middle class and the system after 1988 because of stable prices and a stable exchange rate. Trade reverberations and a real peso exchange rate allowed millions of Mexican consumers to have access to imported goods at reasonable prices. Partly because of this the PRI, without the need to resort to greater election fraud than in 1988, was able to recover, among others, some important opposition seats, such as those for the Federal District and Mexico State, representing a fourth of the country. To devalue would have meant losing such crucial votes. To devalue the peso before the August 1994 elections would have simply been unmanageable. Another window of opportunity was closing to avoid a complete collapse at the domestic level.

The third and last political factor to justify the situation: the Mexican presidential dynamics and the apprehension shown by every Mexican president to devalue. "A president who devalues is devalued," said President Lopez Portillo in 1982, and he was right. Carlos Salinas de Gortari would never have devalued the peso while it could be avoided. His role in history depended on it; his election to the WTO depended on it; the possibility of walking Mexico's streets without being insulted depended on it. Luis Echeverria and Jose Lopez Portillo [former presidents] either did not have enough money or time, or else made a sacrifice for the good of the system. Everyone has his own view; [former President] Miguel de la Madrid devalued the peso so many times that in the end another devaluation did not matter that much. Carlos Salinas de Gortari was able to transfer this problem—and many more—to his successor.

Finally, politics has left its imprint on a new generation of politicians and on a government team that until a few days ago was convinced of what Albert O. Hirschman once said: "All things go together." [preceding four words in English] Economic growth could be achieved, inflation could be curbed, the current account deficit could be financed, and inflation could be curbed all at the same time: Nothing contradicted anything else. There was therefore no need to make a choice between incompatible objectives, to prioritize one and sacrifice others. If this is added to an obvious inexperience and a refusal to listen to dissenting voices, the result can be catastrophic. The result came about less than one month after the inauguration and the appearance of the first distressing symptoms. They will not be the last ones.

Ernesto Zedillo has had the honesty to admit a mistake that many Mexicans and foreigners had already confirmed: A chronic current account deficit of 6 percent of GDP is unbearable. Unfortunately, a confession is not synonymous with repentance. Now we have to study the cause of the deficit and its impact on the overall economic model. An open political system cannot eliminate a deficit or finance it: Since 1981 no one in Mexico has been able to achieve economic growth and stable foreign accounts. Nevertheless, this situation may allow politics to help the country and not harm it: more means better, not worse. Although it may sound archaic, the solution to this economic problem is a political one.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Uruguay

Canadian Prime Minister Meets Lacalle, Sanguinetti

PY2101012195 Madrid EFE in Spanish 2024 GMT 20 Jan 95

[FBIS Translated Excerpt] Montevideo, 20 Jan (EFE)—Canadian Prime Minister Jean Chretien arrived in Montevideo today on an official eight-hour visit, during which he will meet Uruguayan President Luis Alberto Lacalle and President-elect Julio Maria Sanguinetti. [passage omitted]

The Canadian prime minister arrived in Uruguay as part of a tour of various Latin American countries and, after being feted by Lacalle with a dinner, will travel tonight to Argentina for an official four-day visit.

[Madrid EFE in Spanish at 2249 GMT on 20 January adds: "Uruguayan President Luis Alberto Lacalle and Canadian Prime Minister Jean Chretien agreed on 20 January to promote relations between the Common Market of the South (Mercosur) and NAFTA to their mutual benefit. Mercosur is made up of Argentina, Brazil, Paraguay, and Uruguay, and implemented a customs union among its four partners as of 1 January, while NAFTA is made up of Canada, the United States, and Mexico. Lacalle and Chretien agreed to promote bilateral relations in the research area, especially with regard to reforestation and studies in frozen areas. Canada has scientific missions in the North Pole, and Uruguay has a base in Antarctica. The Canadian prime minister and the Uruguayan president also agreed on the necessity to promote trade relations, the current figures for which are 'modest.'"]

Luis Mosca To Be Named Finance Minister Under Sanguinetti

PY2101023495 Montevideo EL PAIS in Spanish 10 Jan 95 p 1

[FBIS Translated Excerpt] Economist Luis Mosca will finally become the minister of economy and finance under the second administration of Julio Maria Sanguinetti, who will be inaugurated as president on 1 March. Upon the president-elect's return to Uruguay, slated for 11 January, there will be new contacts to finalize the arrangement of this appointment.

Reports leaked by political circles on the evening of 9 January point out that negotiations for the makeup of the new administration's economic team began immediately after the national elections, and that Mosca was the "obvious candidate" for the portfolio of economy and finance.

It must be recalled that Mosca was economy under secretary from 1985 to 1990 [under Sanguinetti's previous administration] and resigned his post a few months prior to the 1989 national elections in order to take part in the election campaign. Over the last five years he has worked in the private sector, and was also a member of Sanguinetti's team of economic advisers. [passage omitted]

State Airline Reportedly on Brink of Bankruptcy

PY2001183895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1552 GMT 18 Jan 95

[FBIS Translated Text] Montevideo, 18 Jan (AFP-NA)—The Uruguayan National Airlines—PLUNA—has asked the government for financial aid totaling $6 million to avoid going bankrupt, while a technical commission is studying the partial privatization of the airline, official spokesman said today.

PLUNA President Rosario Medero reported that "the enterprise's liabilities are double its assets," and that operation of the enterprise causes "a monthly deficit of $1.5 million."

Medero, who met with President Luis Alberto Lacalle to ask for "urgent" financial assistance totaling $6 million to avoid the bankruptcy of the state company, said that "PLUNA's liabilities surpass $70 million."

"The financial situation is very bad," she added.

A partial privatization attempt in November failed after the government considered "insufficient" the guarantees presented by Pluriconsorcio S.A., a multinational company whose main operator is the Brazilian Company Varig [Rio Grande do Sul Airline]. The enterprise wants to buy 51 percent of PLUNA's shares.

The investors promised to handle the Uruguayan enterprise's liabilities, but did not meet agreement deadlines, government sources have said.

A commission of technicians is evaluating the possibility of extending the payment deadline set for Pluriconsorcio S.A., or asking the government to again call for offers.

In a plebiscite held in December 1992, 73 percent of Uruguayan voters rejected privatization of public enterprises, excepting PLUNA from this decision and allowing the government to transform the airline into a mixed capital corporation.

PLUNA's Boeing 737 and 707 planes are covering routes to Buenos Aires, Santiago de Chile, Rio de Janeiro, Porto Alegre, Asuncion, and Madrid.

Venezuela

Foreign Minister on Human Rights Case, U.S. Accords

PA2301131095 Caracas EL GLOBO in Spanish 20 Jan 95 p 6

[Report by Laura Weffer Cifuentes]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[FBIS Translated Text] Despite the compensation Venezuela has proposed for El Amparo victims, the Inter-American Human Rights Court has ruled that the trial will continue. In response to this ruling, Venezuelan Foreign Minister Miguel Angel Burelli said Venezuela's objective is to abide by what this court rules. The Venezuelan official made these statements at the launching of the Venezuelan Internationalist Association's EXPRESION INTERNACIONAL magazine yesterday. He said: "We are members, and that is why we will accept any decision it makes."

Commenting on the cooperation agreements that could be signed between the United States and Venezuela, the foreign minister said such agreements would benefit both countries.

Deputy Foreign Minister Roy Chaderton reported that the Andean Summit to be held in Cumana has two objectives: "to evoke the memory of Antonio Jose de Sucre and to reach concrete agreements to accelerate the development of the continent."

Chaderton believes that the Andean Pact needs new momentum and that the summit will be a good occasion to provide this. The event will have the added advantage that the foreign ministers will clarify the issues to be discussed in Cumana during a preparatory meeting to be held at Santa Cruz de la Sierra, Bolivia.

Those attending the inauguration of EXPRESION INTERNACIONAL—a ceremony that was held at Casa Amarilla [Foreign Ministry headquarters]—underscored the need to create research centers and the need to motivate young people to go into journalism.

Venezuelan Internationalist Association President Rafael Hernandez said the goal of the new magazine is "to be a vehicle of expression for everyone" and to present a broad outlook on current world events.

Cordiplan Minister on Problems in Banking System

PA2201025595 Caracas Venezolana de Television Network in Spanish 0200 GMT 20 Jan 95

[From "The News" newscast]

[FBIS Translated Text] Cordiplan [Office of Coordination and Planning] Minister Werner Corrales has said that the national government, through the Emergency Finance Board, is increasing discipline in the country's financial system. Among the issues mentioned by the minister was the Economic Recovery and Stabilization Program. Corrales said interpretations being made of the plan are related to measures that could be taken in its second phase. Regarding the financial system, the minister said foreign experts and the Emergency Board are studying all aspects of the sector and how to enforce discipline.

[Begin Corrales recording] The problem with the Venzuelan banking system is not a problem that would involve nationalization or total privatization. The problems essentially involve technical matters, managerial matters, discipline, and the way the in-depth analyses of risk factors are being conducted." [end recording]

Finance Minister Does Not Rule Out State Control of Banks

PA2101004995 Caracas Venezolana de Television Network in Spanish 0200 GMT 19 Jan 95

[Report by Beatriz Hernandez from "The News" newscast]

[FBIS Translated Text] In response to questions from the Chamber of Deputies Finance Commission for members of the Financial Emergency Board, Finance Minister Julio Sosa did not discard the possibility of putting national banks under state control to overcome the current financial crisis.

The effects of the collapse of the Progreso Bank are more serious than it appears. The Financial Emergency Board has not yet determined how much money this new case of bank fraud may cost the country. This reason is why Sosa has not differed from the call by the Radical Cause for temporary state control over banks:

[Begin Sosa recording] I do not believe so. This matter has to be evaluated very carefully. [end recording]

Meanwhile, Bank Superintendent Tesalio Cadenas did not want to face the media and discuss charges of alleged irregularities by officials of the Deposit Guarantee and Bank Protection Fund in the drafting of acts involving the Progreso Bank.

Finance Ministry Announces New Economic Guidelines

PA2301024095 Caracas Venezolana de Television Network in Spanish 1550 GMT 20 Jan 95

[Report by Zayda Pereira, from "The News" newscast]

[FBIS Translated Text] The finance minister has announced new economic guidelines for the next few months. The 0.5 percent tax on financial transactions is the plan's toughest part and will be presented to Congress on 31 January. The finance minister described this measure as part of the fiscal and financial consolidation measures in support of the macro-economic plan. The economic guidelines consist of 12 points. These include: a budget evaluating commission to reduce the current account deficit; taxpayers may deduct up to 2 million bolivares a year in interest payments when purchasing homes; partial reform to market capital; and the mechanisms to convert debt into investments will be reactivated.

Regarding bank nationalization measures, Finance Minister Julio Sosa clarified that the Financial Emergency

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Board would take care of that and that he was not aware of statements made by the general bank superintendent to that effect.

[Begin Sosa recording] Nor do I know the basis for these alleged statements. Naturally, now it is up to the General Bank Superintendency, as an autonomous body, to make recommendations to the financial board on any financial emergency or on any measure to be taken. It is also up to the General Bank Superintendency to then implement them. [end recording]

Bank Superintendent, Cordiplan Minister on Bank Crisis

PA2301030895 Caracas Venezolana de Television Network in Spanish 1550 GMT 20 Jan 95

[From "The News" newscast]

[FBIS Translated Text] Even though the finance minister has turned over the decision to propose the viability of a possible nationalization of the financial system to the General Bank Superintendency, the superintendency has said that nationalization is only one of the possible solutions to the crisis. For General Bank Superintendent Tesalio Cadenas, the current administration was left a crisis that had been brewing for more than 10 years, and the aftershock is what has been experienced over the last few months. He added that the executive branch will take the necessary measures to clean up the generalized financial crisis. It is for this reason that the possibility of intervening into other insolvent banks has not been ruled out because, despite every effort, they have not been able to overcome their liquidity problems.

[Begin Cadenas recording] We are looking for a formula to make this crisis less painful, to overcome it as quickly as possible, and to find the most expeditious solution as soon possible. This will generate, as you say, confidence among the public, people will again find employment, financial intermediation will return, interest rates will drop, and we will have a country in which we can work with peace. [end recording]

But cabinet members do not seem to agree. For Cordiplan [Office of Coordination and Planning] Minister Werner Corrales, the solution to the financial crisis should not be a decree on nationalization.

[Begin Corrales recording] The problem of Venezuelan banks cannot be confronted with decisions to nationalize or to totally privatize. The problems are of a technical nature; they are management problems and discipline problems, and in-depth studies on risk are needed. [end recording]

Government Issues Decree To Ensure Return of Assets

PA2101003695 Caracas Venezolana de Television Network in Spanish 0200 GMT 19 Jan 95

[Report by Adriana Cabrera from "The News" newscast]

[FBIS Translated Text] The national government has prohibited by decree the transfer and taxation of assets, credits, and rights of businessmen and companies linked to banks affected by an intervention.

The number of enterprises linked to banks affected by interventions which had been operating without the knowledge of the Deposit Guarantee and Bank Protection Fund [Fogade] forced President Rafael Caldera to implement this provisional measure, availing himself of the suspension of guarantees with which the government intends to ensure the total or partial recovery of assets belonging to the nation, although not the physical presence of fugitive bankers.

The attorney general, the superintendent of banks, and the Fogade president will send the Justice Ministry a list of names of individuals and companies to which this measure will apply, including the individuals who administered those enterprises prior to the interventions at the banks with which they were doing business.

[Begin Central Information Office Director Guillermo Bajares recording] As for companies related to banks that have gone under the control of Fogade without an intervention, the superintendent and the Fogade president must implement guarantee measures authorized by the law on bank deposit protection and by emergency regulations for financial institutions. [end recording]

By correctly implementing this measure, the government believes it will be unnecessary to sign a bilateral agreement with the United States for the recovery of futures commodities.

Officials Coordinate Anti-Corruption Efforts

PA2301042095 Caracas ECONOMIA HOY in Spanish 20 Jan 95 p 2

[Report by Ernesto Villegal Poljack]

[FBIS Translated Text] Yesterday, the attorney general, prosecutor general, and the comptroller general of the republic agreed during a crucial private meeting to coordinate efforts aimed at ensuring greater efficiency in the struggle against corruption. They also agreed to insist on less controversy and more responsibility from those state institutions associated with the financial sector.

The objective of the meeting between Jesus Petit Da Costa, Ivan Dario Badell, and Eduardo Roche Lander, who acted as host, was to outline a common strategy in the struggle against corruption, particularly as it relates to the financial crisis scandal. Further meetings have been planned in order to evaluate concrete actions in specific cases.

These "three musketeers," as they have been nicknamed by the media, are particularly concerned that the trials of financial crimes being handled by the courts could go on indefinitely without arriving at an appropriate verdict.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

As a result, the Office of the Prosecutor General has cautioned all officials it has commissioned to each case.

The convenience of having the executive branch recommend legal reforms before congress to accelerate actions by the competent institutions regarding incidents of corruption in the public and financial sector was also assessed during the meeting. In this respect, Attorney General Petit Da Costa will be responsible for ensuring the continuity of this initiative.

The Comptroller General

"The time has come to act," stressed Comptroller General Eduardo Roche Lander while commenting on details related to the metting, in which, acording to his statements, the three officials decided to declare war on corruption "because there is strenght in unity."

He pointed out that the priority issue at this time was to arrest those bankers involved in financial crimes. The comproller general added that to achieve this they needed to put an end to the "accountability ping-pong" that is taking place between the institutions responsible for watching over the financial system's spotless management. In other words, the Banking Superintendency and the Deposit Guarantee and Banking Protection Fund (FOGADE).

Roche Lander disclosed that the offices of the comptroller, the attorney general, and the prosecutor, will take the necessary measures "to freeze the assets of those individuals involved in financial violations" who are abroad.

With respect to his office in particular, he announced that several administrative enquiries have been launched against Central Bank of Venezuela [BCV], Banking Superintendency, and FOGADE officials, as well as against administrators of those banks that have been intervened. The purpose of the inquiries is to establish likely accountability regarding irregular episodes. The comptroller general was cautious not to disclose any names.

He stressed the need to pass from accusations to action, and in this respect, he urged the government to instruct all Venezuelan consulates and embassies to refrain from processing transactions from individuals suspected of involvement in financial crimes who may approach our consular offices.

The comptroller general also reminded the Finance Ministry, as well as the other organizations, in addition to those officials who are members of the Financial Emergency Board, and all bank overseers about their obligation to prevent "administrative, civil, and penal irregularities in such a sensitive sector that affects the lives of all Venezuelans."

The Attorney General

Attorney General Jesus Petit Da Costa expressed similar views and acknowledged that until now, the various state institutions have worked in an uncoordinated manner. At any rate, with respect to the offices of the prosecutor general and the attorney general, he praised the "great cooperation" extended to this office.

"The failures we have had so far have been caused mostly by financial institutions, but we are trying to work in a more coordinated manner," the attorney general indicated.

It is within that context that Petit Da Costa drafted the last executive decree, which orders the legal representatives of all intervened banks to initiate legal action against their predecessors. This measure affects the autonomy of these institutions, especially because the Attorney General's Office is in charge of coordinating these complaints. The attorney general justified such authority stating that "everyone claimed autonomy, which turned out to be the autonomy to do nothing, and the best thing at this time is for us to act."

Regarding the trio that met yesterday, Petit Da Costa said that "we are all interested in what is good for the country and making sure that the guilty receive their punishment. We want to put an end to impunity and all three agree on that."

He stressed that "our own personal prestige is on the line in this effort, as well as the image of the agencies we head. We all understand each other very well, and I hope we can stay united and thus attain specific results."

He changed his tone when he spoke about the officials managing the financial system. "Everyone must do their duty. I have had to cover for the shortcomings of other government agencies and certain financial authorities. That is why I have been seen carrying out certain duties that some might say go beyond my responsibility as attorney general. The thing is, if no one does them I have to."

The Prosecutor General

In a somewhat less prodigal style, Prosecutor General Ivan Dario Badell defended his office's performance regarding the proceedings triggered by the economic crisis. He disregarded criticism about alleged delays in filing the appropriate charges. "The public ministry represents the Venezuelan society and carries criminal proceedings in accordance with the law," he explained.

Badell also stressed the need for Venezuela and the United States to sign a mutual legal assistance agreement to allow the exchange of information between the two countries in their fight against crime. U.S. Ambassador Jefrey Davidow all but rejected the prosecutor general's proposal. All the same, Badell maintains his proposal open and sustains that there has been much progress in this area at the Foreign Ministry.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735,or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.